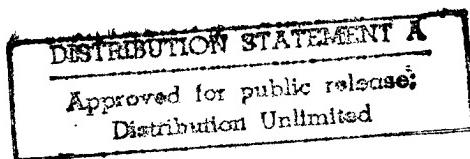


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Latin America Report



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25 July 1985

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INTER-AMERICAN AFFAIRS

ANDEAN GROUP ESTABLISHES INDUSTRIAL DEVELOPMENT PROGRAM

Lima EL COMERCIO in Spanish 17 Jun 85 p A-14

[Text] Recently in an agreement between private businessmen and state representatives of the GA [Andean Group], the PABICA [Promotional Support for the Capital Goods Industry] program was approved.

The basic objective of the new Andean program is to try to revitalize the industry, using the production of capital goods as the axis, and promote industrial development of the member countries in the subregion.

The priority sectors for PABICA include energy and hydrocarbons which total 70 percent of the public demand for machinery and equipment. Capital for the telecommunications and agricultural-livestock sectors will also be promoted.

Studies made by the board indicate that the Andean capital goods industry could meet 50 to 60 percent of the demand for machinery and equipment which is estimated at \$120 billion for the next 10 years at 1983 prices.

It must be remembered that the development of the capital goods industry or heavy industry has always been the basis of the technological development of the industrialized countries. This is especially true of Germany, Japan and the United States in the last century and the Soviet Union later.

PABICA will encourage participation by Andean businesses in national bids for capital goods. The demand of state enterprises will be used to the advantage of Andean industry and, in the medium term, legislation on state purchases by member countries will be adapted.

In addition to state purchases, PABICA will develop work to learn more about the supply and demand of capital goods, stimulate research and technological development and establish an information and publicity system.

PABICA will specifically develop in seven areas:

State Purchases

Activity in this area will try to channel the top state purchasing authorities toward the Andean industry and rescue the common elements in existing

legislation on state purchases in the countries in order to establish the possibility of agreements.

Among other points, this covers the treatment of tax rebates and returns that benefit state entities and the assimilation of subregional goods and services to those of national origin.

It also includes regulating the minimal national or subregional participation in engineering, construction and assembly of state projects and regulation of purchasing procedures through bids and norms to encourage the development of subregional engineering and consultation services.

Supply and Demand

This area is aimed at providing information at the Andean level on existing projects and new investment opportunities, stimulating the development of a subregional supply and business agreements and promoting the greatest use of installed capacity.

In order to do this, there will be Andean business conferences with the objective of finalizing commercial agreements and operations, business meetings aimed at bringing groups of manufacturers together to achieve complementation and specialization agreements and technical meetings of sectorial groups that will bring manufacturers and customers together with engineering services to analyze specific investment projects.

Research and Technological Development

This activity tries to strengthen the capacity for engineering design and consultation and integrate the technological requirements of the subregional supply and demand for capital goods.

There will be studies on existing technical norms and the possibility of confirming priority subsectors in the Andean region. There will also be analysis of imports and international trends in technological development.

Information and Publicity

A network for specialized information on the capital goods sector will be attempted.

At the Andean level, there is already an Andean system for technical information that includes the establishment of networks for specialized information at the sectorial level and an Andean network for business information.

Within this context, the Andean network for information on capital goods will organize and coordinate--at the Andean level--the work that the national programs for capital goods of the member countries develop on this subject.

Technical Assistance

This sector pursues interinstitutional cooperation at the level of state enterprises to support and complement the training programs of the national capital goods programs and Bolivia's defined projects in that sector.

The member countries will receive seminar-workshops and training courses to meet their requirements for personnel instruction.

Financing

Special financial mechanisms for capital goods will be promoted that meet the existing requirements as to credit terms, modalities, preferential treatment, etc., strengthening and expanding existing ones both at the level of the CAF [Andean Development Corporation] as well as the entities of the countries in the GA.

Activities will be developed through coordination between the CAF and national financial entities. This will mainly mean the use of the special financing system for capital goods recently approved by the CAF.

Administration and Institutional Coordination

This covers administration and coordination activities by the board, the CAF, national capital goods programs and international organizations of cooperation that insure adequate application and follow-up of the subregional capital goods program.

Finally these activities include the creation of an Andean capital goods committee that will carry out the program and evaluate it. An Andean Confederation of Capital Goods Manufacturers will also be promoted.

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CSO: 3348/757

INTER-AMERICAN AFFAIRS

CARICOM SUMMIT ISSUES STATEMENT ON ENTREPRENEURSHIP

FL060116 Bridgetown CANA in English 2358 GMT 5 Jul 85

[Excerpts] Bridgetown, July 5--The Barbados statement on development of local and regional entrepreneurship and skills in the member states of the Caribbean Community:

Introduction

Last year at Nassau we, the heads of government of the member states of the Caribbean Community, reached an understanding on the policies and actions that our governments would take to promote structural adjustment, accelerated development and regional integration among the Caricom countries.

We recognised then that an important part of the strategy for economic revitalisation centered around the building up and strengthening of local and regional management, skills, technology and entrepreneurship in all of the sectors of our mixed economies. Such skill and such entrepreneurship are the ultimate foundation for the achievement of structural transformation and high levels of productive employment.

All of our economies require vigorous, innovative entrepreneurship, working within a framework of soundly conceived and efficiently implemented government policies, if they are to make the transition from dependence on a few traditional lines of production--many of them uncompetitive by international standards--towards a diversified economic structure, the output of which can be produced competitively for national, regional and extraregional markets.

Higher levels of entrepreneurship and managerial and technical skills are needed at all scales of production--in small-scale enterprises (including individual and family units) no less than in medium-sized and large-scale enterprises.

We wish to stress that the need for such entrepreneurship does not entail a small role for government in the economic sphere. Governments have much to do by way of:

(A) Providing general guidance and orientation for the economy as a whole and for its various sectors;

- (B) Engaging in sound national economic management and pursuing sensible development policies;
- (C) Providing adequate infrastructure and other supporting services;
- (D) Undertaking programmes (most of them involving heavy [words indistinct], the stock of human capital) so as to increase national productivity and bring about a more equitable distribution of wealth and income;
- (E) Ensuring the adequate mobilisation and availability of venture capital, especially equity capital, and undertaking industrial promotion, research and development and export market identification and development;
- (F) Engaging in production ventures where private initiative is unsuitable or proving irresponsible.

Entrepreneurial development is of the highest importance whether much reliance is being placed on the private sector or the public sector for future economic development.

We also wish to make the point that the genuine development of any country or regional grouping must always ultimately rest on the fullest possible development and utilization of local skills, local management, local enterprise, and local capital--even though an important supplementary role could be played by the provision from overseas of many of these vital inputs, especially at the earlier stages of development.

II. Entrepreneurship as an Historical Imperative

We affirm our deep-seated conviction that the peoples of the Caribbean possess, in abundant measure, all of the basic human endowments and qualities necessary to assume full responsibility for the conduct of their economic life.

IV. The Combined Natural Resources of the Region

We wish once more to reiterate with the greatest possible emphasis that, contrary to what continues to be instilled in our people's minds every day, the region, considered as a whole, has a very good natural resource base per head of our total population of five and a half million--good agricultural and livestock land; by and large good rainfall; fisheries, aquaculture, forests, oil and natural gas, bauxite, other insufficiently exploited materials and minerals and huge hydroelectric potential. Moreover, we do not forget that the thriving tourist industry in the region is based in large part on the natural resources of sea, sun and sand. Our geographical location in relation to trade, investment and tourism is a highly advantageous one. We have very good human resource potential. In short, few parts of the Third World have our unique advantages in terms of trainable human resources, natural resources per capita and geographical location at the junction of the three Americas. Much economic progress could be achieved if we train our human resources, utilise efficiently all our natural resources, discipline ourselves and develop our latent capacity for entrepreneurship.

V. Sectoral Needs

A. Agriculture and the Rural Sector

At the sectoral level, we perceive a crying need for significant strengthening of the small and medium-sized farm sector, ensuring access to land and equipping existing farmers with knowledge, skills and the other inputs required to make use of expanding opportunities to satisfy local food requirements, and for increasing exports. Production and export possibilities in areas such as fruits and vegetables, horticulture, livestock, agriculture, and trawler fishing, all call for a high degree of skill-intensity and first-class management. Similar skills and managerial inputs are needed in the entire field of agro-industrial production and services.

B. The Manufacturing Sector

In manufacturing, the thrust of entrepreneurship should be directed towards reducing costs, maintaining high quality and increasing new product lines; to creating altogether new products; and to becoming more alive to export opportunities. The manufacturing sector must become more cost and quality conscious and its costs of production must become more internationally competitive. The sector must receive more support from local and regional research and development. It has to be continuously alert to opportunities for product development, adaptation and innovation, if the region is to exploit fully the uniqueness of its resources and endowments. In an age of electronics and informatics, it has to keep in step with the latest advances and the scope these provide for local business opportunities.

C. The Services Sector

In the services sector, the Caribbean has a major stake in extending the already substantial local entrepreneurship in the hotel and tourist industry. There are other service industries where West Indians have also demonstrated a capacity to establish companies, offices and institutions serving national, regional and international markets. These include banking, insurance, engineering and architectural consultancy, shipping, air transport, medical, dental and educational services.

VI. The Interaction Between Private and Public Sectors

We realize that in a mixed economy, a broadly based and vigorous entrepreneurship requires for its emergence an effective and harmonious interaction between the private and public sectors. In the present context, it is necessary to emphasize the joint responsibility that devolves upon governments and the private sector in working together to achieve greater economic development. We are fully cognisant of the importance of a proper set of government policies and measures and a high level of national economic management generally to provide a framework of incentives for effort and risk-taking, for the ploughing back of profits and for new investment--all in activities of high priority.

Our governments are prepared to act as catalysts in starting new activities, especially where a long gestation period deters private initiative. And, as indicated below, they are ready to promote partnership arrangements between local and foreign investors, especially where this involves the acquisition of new technology or the creation of new export opportunities.

VII. Cooperation with Overseas Companies and Governments

We also wish our countries to enter into arrangements for partnership with foreign companies and enterprises that would bring with them capital, technology and opportunities for local research and development, training and management opportunities for nationals, and export opportunities. As already mentioned, governments are even prepared to consider participating as partners with overseas investors, on a triangular basis that also includes local private investors, if such participation will significantly enhance the development of the project concerned.

We are also determined to take the fullest advantage of possibilities for cooperation within an intergovernmental framework. We are already pursuing openings under the Caribbean Basin Initiative. We shall try to implement more fully the provisions in the Third Lome Convention for Agricultural and Industrial Cooperation, as well as those embodied in the Canada/Caricom trade and economic agreement. We look forward to concluding on a Caricom basis similar bilateral arrangements with other developed countries.

We are particularly attracted to the prospects of entrepreneurial partnership with countries in Latin America and with other interested developing countries. We shall intensify our efforts to interest them in joining with us in exploiting the special endowment and export market access that our countries as well as theirs can offer.

VIII. Intra-Caricom Cooperation and Reduction of the Brain Drain

We wish to encourage as much as possible closer cooperation between entrepreneurs in the region. We welcome the formation of joint ventures and partnerships for the production of goods and services and for cooperative sales efforts, both intraregionally and extraregionally. Subject to the exigencies of the foreign exchange situation, we would like to see a larger flow of equity capital among member countries. We shall do what we can to promote the development of a regional capital market, and to facilitate easier movement of skilled, professional and management personnel within the region.

CSO: 3298/856

INTER-AMERICAN AFFAIRS

GRONDONA ON CASTRO'S STAND ON LATIN AMERICA'S DEBTS

Buenos Aires SOMOS in Spanish 14 Jun 85 p 21

[Commentary by Mariano Grondona; passages enclosed in slantlines printed in boldface]

[Text] Recently Fidel Castro proposed in Havana that the debtor nations of Latin America and the Third World refuse to pay, calling a /general strike/ against the creditor nations.

What Castro is calling for is a clear, categorical stance with respect to the capitalist system. I agree. In comparison with the initiative by the bearded Communist leader, other apparently anti-capitalist ideas that have been suggested among us, such as placing a unilateral ceiling on annual interest payments, or making a distinction between the legitimate debt and the illegitimate debt, are downright timid. In any case, these ideas are /halfway between/ the agreement with the International Monetary Fund (IMF) and Castro's proposal; they are half measures, something neither Castro nor I want.

We must take a stand; either we are going to be a capitalist society, or we are going to be decidedly collectivist. Anything in between is an illusion.

If we are going to be a capitalist society, not only must we reach an agreement with the IMF, but we must also fully join the Western market, whether to sell our exports there, or to receive technology and capital from it. Otherwise, if we break with the market, we must look to the Socialist world, as Castro has done. What he and I have both rejected as pure illusion is the third alternative, that intermediate path that so many Argentines have nonetheless pursued for so long. /"Neither Yankees nor Marxists . . ."/ This motto is as noble as it is utopian. Roberto Campos once said that we Latin Americans aspire to a capitalism without profit and a socialism without discipline. This is the chimera that Castro has just unmasked. The real world is not like that; in the real world, choices must be made. Either we develop on the basis of accumulated private capital, or we develop on the basis of accumulated public capital. Henry Ford or Stalin. Otherwise, there will simply be no development.

There is no alternative. For decades, based on a cursory reading of the social doctrine of the Pontiffs, we Argentines thought it was possible to

elude the dilemma of modern development. That dilemma consists of consuming less to accumulate more. Even the Italians have just recently accepted this premise in a historic referendum in which they gave up wage indexing, in other words, the automatic distribution of social profits instead of investment in the future, in the grandchildren. Development implies opting for the grandchildren, whether through the free play of the Western market or through the harsh decisions of the state in the Eastern bloc. The Third World has chosen not to develop, for the sake of that third path, for the sake of a supposed humanism that condemns the grandchildren. Castro does not accept that; neither do I.

What Castro has done is to burst the bubble of those Argentines who consider themselves nationalist, progressive or leftist because they denounce the IMF, but who do not, however, carry their denunciations to the logical conclusion. All those who refuse to accept the conditions of the capitalist world will be left stranded in the middle of the road if they do not, like Castro, espouse the anti-capitalist general strike. Thus, they are left with a world of humanist illusions, vibrant declarations that advocate social justice and sovereignty but whose real implications are stagnation, frustration and poverty. In a society that renounces accumulation, investment and the future, the abstract rule of the principles of justice contrasts cruelly with a reality that deprives judges, workers, officials and soldiers of every last ounce of self-respect. Thus, in contrast to the official Third World doctrine and the proclaimed humanism, daily life is fraught with the sorrows of decadence.

The world of today is bipolar. It contains not only two empires, but two economic and political models of growth, existing side by side. We may not like this bipolarity, but that does not mean that we can change it or sidestep it. If we really do not agree with capitalism, the only alternative is that proposed by Castro: break with it openly. If we want to enjoy the economic and social fruits of the Western style of living, then there is no choice but to emerge from our shells and plunge into it wholeheartedly, to prepare to export and invest, and above all to compete, so that we can reach the same level as the countries that, without being the empire, have been able to take advantage of it to grow: Japan, Canada, Korea, Singapore, Brazil . . .

Many political leaders, even today, are characterized by their desire to have their cake and eat it too. They want to benefit from the Western standard of living without making the decisions that made it possible. In the best of cases, this arises out of a moral fantasy that rejects the laws of economic reality in favor of principles they consider to be loftier. In the worst of cases, theirs is the attitude of the /wise guy/ who wants to reap the harvest without planting the seeds. Castro has just exposed these people. Though they tried to take advantage of the anti-Western sentiments that still exist among Argentines, all their /anti-IMF/ proposals pale next to the Cuban leader's /genuine/ anti-capitalism.

King Carlos V, in the middle of his struggle against King Francisco I, once claimed: /"My cousin Francisco and I are in agreement: We both want Milan."/ My agreement with Castro is of the same nature: We both want a definition of positions.

INTER-AMERICAN AFFAIRS

COLUMNIST DISCUSSES U.S. ROLE IN CARIBBEAN SECURITY

Bridgetown WEEKEND NATION in English 21-22 Jun 85 p 8

[Rickey Singh column "Our Caribbean": "A Conservative's Dream: One Army--and the American Role"]

[Excerpts]

FIVE DAYS BEFORE the pull-out of the last batch of 60 members of the United States 82nd Airborne Division from Grenada, the Foreign Minister of Antigua and Barbuda, Lester Bird, chose to revive interest in the issue of a standing army to serve the Caribbean Community.

At a time when so many heads of government of the Eastern Caribbean are distancing themselves from this idea, one they enthusiastically embraced in the wake of the United States-led invasion of Grenada, Lester Bird feels that the need for a permanent regional army is urgent enough to warrant a place on the agenda for next month's CARICOM Summit in Barbados.

Security assistance

Right now, some 25 American military personnel from the United States army's Caribbean Command at Key West, Florida, are still in Grenada providing "security assistance".

The strongly nationalistic, but not Marxist, Maurice Bishop Patriotic Movement (MBPM) was defeated at the December, 1984 general election which, I maintain, it should not have contested. But the Movement is being used as a scapegoat to place the entire security-political infrastructure of Grenada under American influence.

Official and unofficial threats to leading trade unionists, who are not known to be Marxist-oriented, and who were not involved in the tragedies that erupted from the New Jewel Movement leadership crisis, are ominous.

The pressures on MBPM officials who had risked their lives opposing the ultra-leftists of the Revolutionary Military Council, are increasing.

If it feels independent enough, the Caribbean Congress of Labour (CCL) should try to find out what impact is the programme of the American Institute of Free Labour Development (AIFLD), that old ally of the CIA in the Caribbean-Latin American region, is having on Grenadian nationalism.

The secretariat of the Organisation of Eastern Caribbean States (OECS) that helped to influence the involvement of OECS member states in the invasion of Grenada, should, on the other hand, seek to inform Caribbean public opinion how the United States military can provide training for the police force of Grenada and other Eastern Caribbean islands, although this sort of "assistance" has been expressly forbidden by the United States Congress.

Bogey of communist

Official American policy seems to be geared to encourage pro-American sentiments and to maintain a low level of nationalism in these island territories by deliberately confusing any sign of militant or strident nationalism with the bogey of "communism".

In the particular case of Grenada, if nationalist sentiments should prove threatening, or should militancy within the ranks of organised labour or among the approximately 25 to 30 percent unemployed labour force pose too much of a problem for the authorities, the Blaize government can always summon to its rescue the chaos and grief caused by the "communists" in 1983. Then, every wrong since then can be rationalised or ignored.

For political leaders like Prime Minister Vere Bird of Antigua and Barbuda, the Caribbean's "democratic traditions" now seem to depend on playing the "American game", including a willingness to involve the United States and Caribbean military in domestic politics on the side of pro-United States regimes, irrespective of their sins.

In Mr. Bird's own country, the United States military operates tracking stations for which Antigua and Barbuda receives about EC\$3 million rental annually. Voice of America was broadcasting to the Caribbean from Antigua long before the Cubans helped the Bishop government to boost the broadcasting facilities of then Free Radio Grenada.

Today, as American cultural penetration of the Caribbean proceeds with official encouragement, sections of the region's media keep Caribbean people informed how to stay tune to Voice of America.

Apparently, Lester Bird, whose cabinet colleague, Hugh Marshall, has loudly praised United States television in this region as a "valuable vehicle" in communicating what "American principles of democracy, free enterprise and personal liberty are all about" — does not feel that it is enough for existing regional regimes like his own to have United States-trained and influenced military and police units as well as American-oriented communications facilities.

He wants a standing army for the Caribbean Community in the interest of democracy, of course!

"It is not too soon," he said, "to place a CARICOM-wide regional defence force on the agenda of regional discussions . . ."

It is no secret in Antigua and Barbuda that Lester Bird is uneasy about his own power and influence within the cabinet of his aging father,

Prime Minister Bird. This discomfort often accounts, his critics say, for Lester's apparent split personality of wanting to be both a "progressive Liberal" and a "Conservative".

He never misses an opportunity at regional and international fora to lace his presentations with appropriate Third World political rhetoric. But Lester Bird is, at heart, an innate Conservative. Perhaps even more so than Dominica's Eugenia Charles or Jamaica's Edward Seaga, though not quite like Grenada's Herbert Blaize.

It is, however, the responsibility of even Conservatives to face up to realities. And Lester Bird should know that a Caribbean Community that does not want to discuss political unity, that shies away from deliberations on ideological pluralism or about the Caribbean being declared a zone of peace, will not wish to waste time in considering the creation of a standing Caribbean army.

Ever since, to his credit, the Prime Minister of St. Vincent and The Grenadines, James Mitchell, said in "no way" was he going to support a standing army, this notion of a permanent regional defence mechanism was in trouble.

CSO: 3298/856

INTER-AMERICAN AFFAIRS

CARIBBEAN BUSINESS LEADER WARNS ABOUT COST OF FOOD BILL

Bridgetown DAILY NATION in English 25 Jun 85 p 20

[Text]

THE REGIONAL BILL for food imports is "unacceptably high", said Mr. Pat Thompson, executive director of the Caribbean Association of Industry and Commerce (CAIC), yesterday.

Addressing a quality assurance seminar at Dover Convention Centre, Mr. Thompson said the food bill has a range from US\$800 million to US\$1 billion.

So, said Mr. Thompson, something has to be done very quickly to promote greater production and consumption of foods grown within the region; and to move on from that to exporting surpluses, extra-regionally in order to earn much needed foreign exchange.

STORAGE

He said this would have to be operated at three levels, namely, at the local level, so as to ensure that farmers and growers had adequate incentives, in terms of remunerative prices; also, they would have to get appropriate technical assistance, and adequate extension services, so that

they could produce a sufficiency of food, which was suitable for indigenous consumption.

This local stage of the process would require proper storage arrangements, good internal transport, adequate purchasing arrangements and good preservation and processing techniques to avoid wastage and spoilage.

At the regional level, said Mr. Thompson, we need to ensure that the rules that govern regional trade, are so framed as to assist, rather than negate the operation of a total market mechanism, promoted by adequate marketing intelligence.

This would avoid the simultaneous occurrence of gluts and spoilage, as had happened in the past, of products in one area of the region, together with shortage and excessive demand for those same products in another area of the region.

COMPUTER BASE

Adequate marketing intelligence, said Mr. Thompson, was required, as well as the means of making that intelligence available promptly throughout the region. He said he could suggest some form of computerised data base.

Also, said the director, the Caribbean required adequate

inter-island transport facilities, and a set of clear, consistent rules and regulations which govern inter-regional trade in fresh and processed goods. One should be able to rely on these regulations, on which one could then make substantial capital investments which efficient commercial production requires.

CO-OPERATION

In this, they would require the co-operation of governments, Mr. Thompson went on, the relevant public sector agencies, and CARICOM (the Caribbean Community), as a regional body, to make this a reality.

There should be clear and consistent rules and regulations, which apply to the trade of fresh produce and processed food, throughout CARICOM.

Producers, Mr. Thompson said, would have to assume the role of extra-regional exporters. And, for that to be done successfully, would require knowledge of the importers' rules and regulations, the various specifications, and also the market preferences as regards to product quality, packaging, labelling, pricing and distribution arrangements.

This, he said, was a difficult, never-ending task, because that market was in a dynamic state.

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ARGENTINA

UNDERSECRETARY MACHINEA ON ECONOMIC RECOVERY PLANS

Buenos Aires SOMOS in Spanish 21 Jun 85 p 10

[Interview with Undersecretary of Economic Policy Jose Luis Machinea by Eduardo V. Tuculet; date, time and place not given]

[Text] Two weeks after the monetary reform was announced, two things are still clear: the spectacular reaction of the public, and the question most economic operators are asking themselves: When will the freeze end? Jose Luis Machinea, undersecretary of economic policy, discussed in an interview with SOMOS how the plan will become more flexible, and mentioned plans for revitalizing the economy.

[Question] How does the economic team perceive the public's reaction?

[Answer] At all levels, we were surprised, and we continue to be surprised.

[Question] Will the plan become more flexible as some of the goals you have set forth are achieved?

[Answer] We do not plan to keep prices, wages, rates and the exchange rate frozen forever, not even for a year. But it is too early to talk about a date for the easing of restrictions.

[Question] Some observers note that you economic officials are willing to finance the deficit with foreign aid, if necessary; but they point out that with a controlled dollar, it will be difficult to obtain those resources. What is your opinion?

[Answer] We have not said we will resort to external financing. What we have said is that we are seeking to contain the deficit in the second half of the year to 2.5 percent of the Gross Domestic Product (GDP), and that Central Bank financing will not be necessary for that deficit; the external financing we have already obtained from the International Monetary Fund (IMF) and the creditor banks is more than sufficient. Moreover, with a fixed exchange rate and the promise of keeping it frozen, it is absolutely untrue that capital will stop flowing into our country. In any case, I would say that the government's main concern today is to prevent short-term capital from coming

in, as happened during another era in Argentina. That is why there is a minimum 180-day term for financial loans.

[Question] Some are predicting that this plan will not work out, that it will blow up and a violent inflationary outburst will ensue. . .

[Answer] There are people who are betting on that, but the common denominator believes in the government. High-ranking professional economists believe in the plan. They have analyzed the fiscal accounts, and they balance. Some are incredulous, and that is natural. I can assure you that the accounts balance out, and that what lies ahead is not easy. We should not be obsessed with success, because we have significant times ahead of us when it will be hard to cut inflation.

[Question] How will the deficit be brought down to an average of 2.5 percent of the GDP in the second half of the year?

[Answer] We are talking about the non-financial public sector, excluding the Central Bank. We plan to cut the deficit between the first and second halves by 6.5 to 7 percent of the GDP. About 2.5 to 3 points of this reduction will be obtained by cutting public spending, and the remaining 4 points will come from increased revenues, basically through raising rates in the last 2 months. About 1.5 percent of the GDP will come in from new taxes: those on bank debits and forced savings.

[Question] When the operating deficit of public enterprises is eliminated, will some of them be turned over to the private sector in the near future?

[Answer] We are not talking about eliminating the operating deficit of all public sector enterprises; but there will be a very sharp reduction. The Treasury will continue transferring funds to three enterprises: the Railroads, the Coal Deposits, and the National Enterprise for Mail and Telegraph (ENCO-TEL).

[Question] Will the goal of not issuing a single austral for Treasury needs be possible?

[Answer] That is our commitment. The accounts do balance. We are going to have problems. . .

[Question] Can some of those problems be attributed to the request for remittances from the provincial governments?

[Answer] We are going to have problems all over the public sector. But if an austral is given to anyone for a legitimate purpose, an austral will be taken away from someone else.

[Question] Some critics say that the plan does not call for any revitalization.

[Answer] With inflation at 30 percent a month, it was impossible to revitalize. The country was on the verge of an enormous economic disaster. What we

have devised is a program that we think entails minimal costs for curbing inflation. Once this hyperinflation is under control, the country will be in a real position to reactivate its economy.

[Question] Will one industrial sector in particular be selected for that revitalization?

[Answer] We are working on some sectoral plans that cover different areas; petroleum is one, and we are also working on data processing, medical laboratories, the automotive industry and a few others.

[Question] Will the government seek a truce between management and labor, so that it can move on to a stage beyond the freeze?

[Answer] The government is always open to talks with all social sectors. This is, to a certain extent, a social truce. What we want is for all sectors of society to participate in that truce. The government wants this support; it will seek it, and it will negotiate it.

8926
CSO: 3348/769

ARGENTINA

LABOR SEEN AS UNIFYING FORCE BETWEEN TWO PERONIST FACTIONS

Buenos Aires CLARIN in Spanish 9 Jun 85 pp 8-9

[Text] The Peronist Primaries

November, the election month, is approaching, and Peronists (and, why not, some non-Peronists) are looking askance at it and growing worried. Will Peronism by then have built bridges between the two shores (Rio Hondo and Odeon) that separate it today or, on the contrary, will this political wound remain open? We know that straight lines hardly exist in politics and that there is a secret way out of even the most intricate labyrinths. And today, just as the Peronist primaries reach a fever pitch with the parallel call for two new congresses, the union machinery, after the reorganization of the 62 and the normalization of the CGT [General Confederation of Labor], seems to be emerging, in the eyes of the analysts of the complex Peronist panorama, as the possible architect of the bridge that could join the two shores.

Thus, observers of the Peronist primaries note, while party tensions are at some of the highest levels since the Odeon (last December) and Rio Hondo (last February) congresses charted the two separate courses, the trade union branch, in contrast, is seeking to mix the cement of unity. Observers also note that concurrently there has been a subtle though by now noticeable movement of the Peronist balance. At some juncture the pointer in the internal political struggle shifted visibly towards the Rio Hondo people, that is to say, towards renovative Peronism.

Nevertheless, new information and new developments have come into play recently, and the significance of the recent normalization of the 62 Organizations, was enough to tip the scale once again towards the Odeon ranks. The pointer is at present oscillating, now that the initial and visible Rio Hondo momentum is gone and the union machine has thrown its well-known weight over to Odeon. To this we can add the backing that the Odeon people secured in the board of directors of the Peronist national congress, which is chaired by Raul Bercovich Rodriguez, the Cordoba leader and former gubernatorial candidate. Meanwhile, the courts legitimized the Rio Hondo congress and, by extension, the leadership appointed there and headed by Senator Oraldo Britos.

In the meantime, the two factions have made new moves, both announcing fresh congresses.

--The groups that in general identify with Odeon called for the congress on the 29th and 30th of this month in Potrero de Funes, San Luis, through the procedure of the "automatic convocation" (when more than a third of the total number of congress delegates so request), as stipulated in the charter, which congress chairman Bercovich Rodriguez endorses.

--Meanwhile, the national council named in Rio Hondo and headed by Senator Britos called its congress for 19 and 20 July in Santiago del Estero, also in accordance with the provisions of the party's charter. (There are those who conjecture, however, that the date could be moved up...perhaps also "to late June.")

Thus, Peronism has, as we said, a leadership that the courts have legalized (the Rio Hondo leadership) but that much of the party does not recognize and two party congresses in the works, both convoked legitimately.

Channels Opening Up

The recent history of this conflict dates back to the controversial Odeon congress. The governor of Santa Fe, Jose Maria Vernet, the veteran metalworkers leader Lorenzo Miguel, and Buenos Aires strongman Herminio Iglesias were chosen as the party's top authorities there. Many complaints were voiced about some of the procedures employed at the congress, and a large group of congress delegates left the gathering, thus creating the rift as they challenged the congress and called their own some time later in Rio Hondo. They put together a quorum and secured broad support from virtually all the districts, except Buenos Aires, that were represented at the other congress.

Odeon handed over the party's helm to Governor Vernet. Rio Hondo gave it to Senator Britos; it also ordered the intervention of the Buenos Aires district, Herminio Iglesias's stronghold. Odeon responded by calling a new congress in the city of Buenos Aires and challenging the Rio Hondo congress on three grounds: one, that it had met outside the Federal Capital; two, that the president of the party congress (Bercovich Rodriguez), not the entire board of directors, had called it, and three, that it did not have a quorum.

The issue was obviously brought before the election board. Ultimately, just a few days ago, the board rejected the Odeon arguments and legitimized the Rio Hondo congress. Odeon then let it be known that it would take the case to the Supreme Court but also endorsed an interpretation that the prosecutor, Daniel Saint Jean, advanced during the two factions' successive judicial presentments: the Rio Hondo congress is valid, but not its resolutions. La Plata Federal Judge Manuel Blanco has

just taken a similar tack. He turned down a petition to recognize the intervention of the Peronist Party in Buenos Aires that Rio Hondo had ordered, but he also deferred a ruling until the issue of whether or not the resolutions adopted by the congress are valid is sufficiently clarified.

One Congress, Two Congresses

Just as the court was signing the ruling that validated Rio Hondo, efforts got under way to reunify the party. There was talk of this simple vehicle: a unity congress. The force behind it was the well-known Catamarca Senator Vicente Leonides Saadi, who left the Rio Hondo ranks and reached an agreement with Lorenzo Miguel and Herminio Iglesias to hold "a plenary meeting to transcend the two positions." The "renovators" rejected the initiative, however, stressing that a unity congress could be held only after the normalization of the Buenos Aires district. At the same time they accused Saadi of having his eye on Britos's seat.

After the ruling, the Rio Hondo people summoned all of the country's districts and got the backing of 19. Three were missing: Santa Fe, San Luis and Catamarca, in addition, of course, to the vital province of Buenos Aires. In any event, this took place before the board of directors of the national congress, headed up by Bercovich Rodriguez agreed a few days later to the automatic convocation of the congress that Saadi, Iglesias and Miguel were requesting and that, according to their figures, was backed by around 360 congress delegates. It is thus not yet clear which districts support the call for Santiago del Estero and which will heed the call for San Luis.

The Two Congresses

The two congresses differ on the following substantive point. The San Luis congress is scheduled to elect a new party leadership, inasmuch as it does not recognize the legitimacy of the officers headed by Senator Britos. The Santiago del Estero congress, on the other hand, does not argue this point; the renovative faction, which is pushing this congress, accepts the council named at Rio Hondo as the sole legitimate party authority, with a mandate until this 15 December.

(One of the main forces behind the San Luis congress is, as we have said, Senator Saadi, whom the observers of the complex Peronist infighting are already mentioning as a certain candidate to head up the council that will emerge from the congress.)

In addition to not recognizing the authority of the council chaired by Britos, the San Luis congress also fails to recognize the intervention of the Buenos Aires district that Rio Hondo ordered. This is clearly the most critical aspect of the current rift in Peronism, a rift that while primarily political also has a legal dimension (see "The Legal Battle" below).

The Odeon attorneys, Deputy Torcuato Fino and attorney Pablo Allende, argue that the court that legitimized the Rio Hondo congress did not, in turn, legitimize its resolutions, one of which was the intervention of the crucial Buenos Aires district. (We should recall what prosecutor Saint Jean ruled in this regard concerning the Rio Hondo resolutions.) The Odeon attorneys thus petitioned the courts to issue a restraining order [medida de "no innovar"] in a bid to prevent the council chaired by Britos from being recognized as the representative party authority. But Judge Fegoli rejected their motion, which moved the Rio Hondo chief attorney, Buenos Aires leader Carlos Corach, to assert categorically that the council appointed at the Santiago congress is "the sole legitimate authority of the Justicialista Party."

A number of judicial issues are still pending, however. For example, it remains to be seen whether the argument is accepted by Federal Judge Manuel Blanco from La Plata, who had previously refused to legally recognize the Buenos Aires-district interventor commission that Rio Hondo had appointed. He contended that the resolutions of the congress had not been legitimized by the courts and was waiting for a ruling from Judge Fegoli. Fegoli responded this past Wednesday, reaffirming his ruling (upheld by the board) that validated the Rio Hondo leadership and, at the same time, notifying Judge Blanco that his court was not taking up the issue of whether the congress was valid but not its resolutions.

Thus, although some ground has been covered, there still seems to be a long road ahead on these legal questions.

The Legal Battle

Judge Juan Edgardo Fegoli has declared that the Rio Hondo congress was valid, a ruling that the National Electoral Board subsequently upheld.

But in the preamble to its decision the board indicated that it was not ruling on the legal and political actions of the congress, in other words, its resolutions.

Odeon's attorneys thus interpreted the board's ruling as validating the convocation, site and quorum of the congress, but not its resolutions, which consequently must be brought separately before the original court. They indicated that, as a result, the resolutions of the congress, such as the election of the council chaired by Oraldo Britos and the intervention of the Buenos Aires district, lack legal underpinning.

The Rio Hondo attorney, meanwhile, concluded that the validity of the congress implies the validity of its resolutions and that if there was no express ruling on them, it was because the challenge was only to the convocation, the site (in a province rather than in the capital) and the quorum.

Furthermore, the National Electoral Board has not yet decided whether to disallow or pass on a special appeal that the Odeon attorneys want to file with the Supreme Court.

Meanwhile, La Plata Federal Judge Manuel Blanco had denied legal recognition to the Buenos Aires interventors appointed at Rio Hondo and was waiting for a ruling from Judge Fegoli on the validity of the congress resolution that ordered the intervention. As we can see, his approach is similar to Odeon's in that it divorces the validity of the congress from the validity of its resolutions.

At the request of the Rio Hondo attorney, Judge Fegoli informed his La Plata colleague in writing of his ruling, as confirmed by the Electoral Board, declaring the validity of the Rio Hondo congress and indicating that the minutes of the congress note that it ordered the intervention of the Buenos Aires district. Fegoli also reported that there are no proceedings pending on the matter in his court and that the case is still before the Electoral Board. As of today, Judge Blanco had not received the letter.

Rio Hondo's interpretation of the substance of Fegoli's communication was that the intervention of the Buenos Aires district was valid. The magistrate clarified, however, this time through a press release, that there has been no such validation, inasmuch as the case is still before the Electoral Board.

Consequently, what everyone is waiting for is a ruling that expressly legitimizes or invalidates the resolutions of the Rio Hondo congress. Also still pending is the special appeal to the Supreme Court challenging the entire ruling that the Electoral Board has upheld.

The Lineups

The San Luis congress is supported by:

--The 62 Organizations, led by Lorenzo Miguel, who having normalized the traditional Peronist political-labor relationship (with the Group of the 25 moving to the sidelines), is now seeking to end the Odeon-Rio Hondo polarization through a unity congress.

--Herminio Iglesias and the Buenos Aires faction that is behind him, which also comprises the most congress delegates that a single leader is in a position to control.

--The blocs of deputies headed up by Diego Ibanez (a backer of the 62) and Domingo Purita (who follows Iglesias), and the "minibloc" in which Mario Gurioli operates. These three groups account for about half of the 111 Peronist deputies.

--The minority bloc of senators (apparently five in all) who are behind Saadi.

--The Iron Guard staff organization that Alejandro Alvarez heads up.

In any event, we should bear in mind that although the 62 support the San Luis congress, its two largest factions (the Miguel faction and the Management and Labor people, one of whose leaders is Jorge Triaca) do not always take the same stands on the party conflict. In fact, three Management and Labor leaders who were appointed at Rio Hondo have not resigned those posts, though for some time now they have not been attending the corresponding meetings. Nevertheless, we should also bear in mind that in recent days, as a direct result of the efforts that the Peronist labor movement has made towards the election of the CGT normalizing commission, the Rio Hondo and Odeon people have narrowed the gap between them on two key issues. One, holding a single unity congress instead of the two that are in the works; and two, to thus abandon the court battle via a political accord. The two factions will continue their talks this coming Tuesday at an early summit meeting in an effort to settle their most nettlesome difference of opinion: Rio Hondo's insistence on intervening Iglesias's Buenos Aires stronghold, which Odeon balks at. Another element to be kept in mind in the Peronist infighting is the advertisement that the 62 published last Friday supporting the San Luis congress and, at the same time, reaffirming the need for a political accord that obviates "court proceedings or outside interferences." It was signed by 127 trade unions, including obviously all of those under Labor and Management and 3 that belong to the 25: the railway union, the rubber union and the teamsters.

The Santiago del Estero congress, in turn, is backed by:

--The national council appointed in Rio Hondo and headed by Oraldo Britos.

--The union group of the 25, among whose main engines are Roberto Digon, Jose Rodriguez and Roberto Garcia. They are putting together a political-labor faction to vie for space and power with the Miguel faction and are readying to place their men, as representatives of the labor movement, on the lists of renovative candidates in the Buenos Aires and metropolitan districts.

--The bloc of deputies that Jose Luis Manzano heads up and that represents about half of the total number of Peronist lawmakers.

--The majority of the bloc of senators (14 out of 19) who stand behind Britos as party leader.

--The Peronist Youth (JP) groups that are led by Juan Carlos Dante Gullo and Patricia Bulrich, as well as the regional JP's.

--Most of the party districts, as demonstrated not only by the massive attendance at the recent rally called by the "renovative" leadership but also by the elections in several provinces, which in general were won by candidates who are behind Rio Hondo. Recent examples are Mendoza, Entre Rios and La Pampa.

Observers of the grueling Peronist infighting agree, however, that there are several key elements in this complex array of alignments. The main one is labor, which has traditionally been the key to Peronism. Decisively important in this regard is the organization of the 62, which comprises the bulk of the large, politically influential trade unions: the metalworkers, textile workers, Light and Power, the oil workers, commerce, the meat union, the construction union. The 25, on the other hand, include just 3 major unions: government workers, the machinists and the railway union.

The Governors

Governors Jose Maria Vernet (Santa Fe), Adolfo Rodriguez Saa (San Luis) and Ramon Saadi (Catamarca) support the San Luis congress. Carlos Arturo Juarez (Santiago del Estero), Carlos Menem (La Rioja) and Ruben Marin (La Pampa) are on the side of renovative Peronism and back the Santiago del Estero congress.

For their part, Arturo Puricelli (Santa Cruz), Floro Bogado (Formosa), Roberto Romero (Salta), Carlos Snoeck (Jujuy) and Florencio Tenev (Chaco) have been supporting the idea of a unity congress but they have not yet clarified whether they mean the one scheduled for the end of the month in San Luis. Meanwhile, Fernando Riera (Tucuman) has just declared his neutrality vis-a-vis the two factions of Peronism.

The Province of Buenos Aires

The province of Buenos Aires, the Federal Capital and Santa Fe are usually the districts that determine the fate and course of Peronism.

The choice in the Buenos Aires district is between intervention plus knock-down-drag-out primaries and an accord with Herminio Iglesias and lists of compromise candidates. Strictly speaking, the Miguel faction does not oppose primaries in the district; it merely does not recognize the authority of the renovators to call them. It demands that the call come from the current party leadership, which is headed up by Iglesias, after an accord is reached with the other faction. The rift is compounded by the court battles.

If primaries are held without major incident, then the key question is: Will Herminio Iglesias be victorious or will he be defeated by the "renovators"? The main problem that the people who back Rio Hondo face in Buenos Aires has a simple description: They too are divided and have not yet managed to establish a more or less united anti-Iglesias front.

Infighting in the City

In the Federal Capital, one pole of power centers around Lorenzo Miguel and the 62, with the array of trade unions that back him. His allies in the political arena are the Peronist Unity Movement, which is run by Deputy Luis Santos Casale, and a series of local groups and leaders.

Meanwhile, the group that supports Rio Hondo is divided into two factions. One is the Peronist Renovative Current, among whose mentors are Eduardo Vaca and Carlos Holubica. The other is the front for victory, among whose main mentors are Carlos Grosso, Roberto Grabola and Dante Gullo, who is also the head of the largest faction of Peronist Youth.

On top of all this, the union group of the 25, which is aligned with Rio Hondo, has appointed a political commission consisting of Roberto Garcia, Roberto Digan, Raul Ravitti (railway workers) and Jose Azcurra (pharmaceuticals), that has begun efforts to unite the two factions of renovative Peronism in the city of Buenos Aires so that they are not at odds with each other at the primaries slated for 21 July. Observers of the Peronist infighting are of the opinion that if the renovators go into the primaries divided, they will be giving the Miguel people a potentially decisive edge.

Moreover, Raul Matera, who reportedly has very strong support in the influential Miguel faction, and Julian Licastro also have ambitions to take the helm of Peronism in the city of Buenos Aires.

Santa Fe

In Santa Fe, meanwhile, the primary elections are scheduled for 23 June. All of the groups that identify with renovative Peronism have banded together in the Rio Hondo Front, which has nominated Deputy Luis Rubeo for president of Santa Fe Peronism. Aligned with the front as well is Deputy Governor Aurelio Martinez, who is obviously opposed by Governor Jose Maria Vernet, the head of the sector that sides with Odeon, which is supported by the current chairman of the provincial council, Raul Carignano, who is running for reelection. For its part, the labor movement is divided into two factions (there are two CGT's and two "62's"), one that backs Rio Hondo and the other that supports Odeon; a very hard-fought primary is, of course, expected.

Peronist Youth

Peronist Youth is starting to unburden itself of the millstone of its experience with the "Montoneros" and the persecution that its executive personnel suffered under the military regime. It was also largely displaced from student circles. To make matters worse, Peronism's proposals were not really attractive to young people. Rio Hondo made the first attempt to bring together the JP organization and shrink the list of acronyms. Gustavo Adolfo Gauna from Santiago was appointed youth secretary of the renovators' national council and has begun a painstaking regrouping effort.

ARGENTINA

LUDER EVALUATES JUSTICIALIST PARTY'S ROLE, ERRORS

Buenos Aires CLARIN in Spanish 14 Jun 85 p 17

[Commentary by Italo Argentino Luder; passages enclosed in slantlines printed in boldface]

[Text] The reorganization of the Justicialist Party is of concern mainly to Peronists, but also to the entire country. Not only is it the power alternative within the constitutional order, but it also is the only political force with the dynamic social underpinnings necessary to bring about a change in this unjust society. Our experience over the past 40 years has shown us that parties labeled "progressive" undertook social change because they could not throw off old prejudices or overcome ideological dogmatism. /A year and a half of Radical government confirms this historical constant./

The government adheres to the petite bourgeois insistence on ignoring the fact that the struggle for democracy takes place in deeds, not words, in the new interplay of forces that produces economic growth, in social mobility, and in the integration of a unified community that considers itself a participant in and beneficiary of its own achievements. If this cardinal principle of modern political thought is not understood, then it will be difficult to interpret the options available for the country's future.

But if democracy is not built with speeches and declamations, nostalgia is no solution, either. Above and beyond the immediate results of the 30 October elections, the entire nation expressed its decision to strengthen its institutions, restore political harmony and begin national reconstruction with the contribution of all sectors, in keeping with the function the citizenry has assigned each of them in the institutional process. Justicialism should fulfill its commitment to the country and promote its political plan, adapting to new developments in the struggle. This includes not only its historic proposal, but also the need to provide a response to a complex society that wants to achieve its potential with social justice and liberty.

Within this context, Justicialism should define its role in the new circumstances that prevail in the country. In the first place, it must /shake off the stigma of defeat, which is based on an emotional reaction rather than a political analysis,/ and assess the facts. Its 42-percent share of the votes cast on 30 October 1983 reveals that it has a tremendous political presence,

which is especially meritorious if we consider the setting in which the confrontation took place. I am not referring to the errors of implementation during a very short election campaign, or to the consequences of an embarrassing and traumatic internal election process, but rather to the political conditions that prevailed between March 1973 and October 1983.

/March 1973/ saw the return of a historic leader, /General Peron,/ as well as a favorable political situation; we were coming back after a long banishment that did not wear down our hopes, but rather fueled them further. Moreover, we managed to obtain the support of the Justicialist Liberation Front. On the other hand, 10 years afterwards, the Justicialist Party refused to accept the proposal I presented in January 1983 to /recreate the national front, rescuing Gen Peron's strategy./ Furthermore, we had to assume responsibility for the deterioration of our 1974-1976 government.

Proposals

In fact, the /Justicialist Party has had no strategic guidance since Gen Peron's death;/ it did not even manage to change its methodology, which was politically obsolete in the absence of Gen Peron. In 1974 I warned about this risk, and I did so again in 1975 when I strenuously objected to the party officials' decision to leave the presidency of the National Senate vacant. Over the years, I have consistently advocated finding a new style of leadership in Justicialism, in keeping with an organization based on the participation of the rank and file in order to facilitate the rise of the most representative and best suited men and women at all levels of political activity. Thus, for me the methodological renovation is not a recent discovery.

In May 1984, I also rejected /Mrs Peron's/ offer to appoint me to the tactical command that she created, and I stated my reasons publicly. /At no time did these attitudes imply any personal distance between me and Mrs Peron, for whom I as served as defense attorney in all her penal cases, and whom I continue to represent in the probate of Gen Peron's will./ This is simply my political assessment of a procedure that I consider obsolete. For all these reasons, and many more, I am justified in refusing to accept a /black-or-white/ approach to the internal situation of the Peronist movement. This approach pits /all the good people on one side against all the bad people on the other, following an outdated political style./ In the first place, realignments have taken place frequently, and in addition, this is a process of political maturation that will take time but will proceed inexorably, if Justicialism wants to consolidate its presence as a power alternative in the new situation that we Argentines are experiencing.

We cannot waste time, however, in drawing up a lucid strategy that will enable us to expand our political base. It is wrong to underestimate the support that independent fringes in the electorate can provide, or to believe that elections are won only with party members and those who have a definite political commitment. On the contrary, elections are clinched by the uncommitted, especially during this stage of our political evolution. These sectors comprise 50 percent of the electorate. In October 1983, of a total of 18 million registered voters, all political parties put together had just over 5 million members, 30 percent of the electorate. It is reasonable to add an-

other 20 percent to account for citizens who, though not party members, have a definite political commitment to one of the active parties. This means that 50 percent of the voters have a permanent political position; the rest assess the situation independently in each election, and define their position according to the present circumstances.

Errors

The Justicialist Party directed its campaign at Peronists, instead of the nation at large. It went from the "internal election" to the general election without continuity, with the same slogans and the same emotional appeals. As a result, the corrections should not be limited strictly to internal methodology. It is necessary to understand that the political behavior of the different social sectors is not motivated solely by attraction to the line of thought expressed by each party, but also by its political style. Therefore, methods of recruitment must be adapted to the expectations and cultural guidelines of the different social sectors.

Moreover, we must bear in mind that the occupational structure of our country has changed substantially in recent years. The de facto government's economic policy brought about /a considerable decline in the number of unionized workers, practically cutting it in half, while self-employment grew disproportionately./ Thus, clear political objectives were achieved by weakening the workers' sector in the interplay of forces in Argentine society. The goal was to take aim at the historical strong points and the institutional framework of the Peronist movement. This was tacitly acknowledged by one of the most lucid exponents of the civilian teams that collaborated with the military regime, in an article published shortly after the Radical government took office and titled "You're Welcome, Dr Alfonsin."

The Justicialist organizational phase is underway, and on a national scale, this stage will culminate after the 3 November elections. For the time being, it is possible only to maintain a provisional leadership that will preserve the unity of Peronism as a political solution, and will also carry out the reorganization in the provincial and capital districts. For 2 months, I have been saying that court decisions not only are not enough to achieve the political solution, but are also always too late, sometimes intentionally.

The leadership that finally emerges at the appropriate time should be based on a broad internal consensus and ready communication with the public. /In contemporary democracies, political leadership should be accepted as such by the entire pluralist community. For the present, there is no historical room in this country for a charismatic leadership like that exercised by Gen Peron./ It is time for institutional leadership, from bottom to top, backed up by the legitimacy of the respective political forces.

The movement-style structure of Justicialism allows it to be more open and to coordinate partisan interests better in order to formulate an overall program. It is important to emphasize its multisectoral nature, and to avoid political isolation. From there, efforts can be made to consolidate what I call the /national bloc./ The old Peronism/anti-Peronism polarity is bad for the country, and moreover, it does not reflect the socioeconomic reality of this

difficult era. The myriad frustrations we have experienced have helped enrich the judgment of all Argentines, enabling us to understand that the nation cannot be rebuilt on top of the ancient resentments. Maybe that awareness is the most positive thing to emerge from this severe emergency.

8926

CSO: 3348/769

ARGENTINA

OPPOSITION DEBATES DEFENSE LAW BILL

Defense Bill to Congress

Buenos Aires LA VOZ in Spanish 19 Jun 85 p 32

[Passages enclosed in slantlines printed in boldface]

[Excerpt] The /Defense/ Committee of the Chamber of Deputies will hold extensive discussions today on the bill submitted to Congress by the Executive to define the new role of the military upon the abandonment of the National Security Doctrine. The official proposal has encountered fierce resistance among the Justicialists on those points that are regarded as "a /restriction of Parliament's powers/ in favor of the president and the military itself," and on the /creation of a National Intelligence Center/ that would fall under the jurisdiction of the President's Office.

The administration's bill seeks to assign the armed forces the specific task of "constituting a deterrent force with an adequate margin of security, based on the training of cadres and a program of technological assimilation as a function of operational requirements." /Defense/ is considered /"one more component in national politics,"/ and military institutions are prohibited from operating as a "pivot upon which national defense revolves."

The Justicialists, who have shown internal differences on this matter, are represented on the committee by Basualdo, Paleari, Gurioli, Melon and Sobrino Aranda. They decided not to propose any of their own amendments to the legislation in order "to avoid an open battle with the Radical Civic Union (UCR) and to prevent any impression of a false polarization between an anti-military and a pro-military faction."

Nonetheless, "in light of our political and ideological differences with the Radicals, whose liberal essence cannot be ignored," said a spokesman for this sector, and bearing in mind "the legacy of General Peron," a series of proposals relating to the administration's bill are being discussed.

One of the articles that have sparked controversy is Article 14, which states that the armed forces shall comprise the Army, the Navy and the Air Force; their composition and size shall be determined primarily by joint military planning; their organization and operation shall be based on the criteria of

joint efficiency and coordination; and all functions, activities and services that are not specific to a given branch shall be merged.

For Justicialist /Hector Basualdo,/ this point is in /"violation of Article 67 of the Constitution/ in that it grants powers to the president and to the military itself that should be reserved to Congress. In this same vein, the Radicals want Parliament to be their own executioner," commented the legislator when he was interviewed by LA VOZ.

Another aspect that sparked deep-seated differences is the administration's desire to create a /National Intelligence Center that would gather "information and intelligence for national defense, and that would be under the jurisdiction of the president of the nation. Its mission, functions and structures would be determined by the president."/

/The Radical deputies, headed by Balbino Zubiri,/ explained that the agency would be governed by the chief of the Secretariat for State Intelligence (SIDE), but would not be an office of the Secretariat.

This explanation did not satisfy the expectations of the Justicialists, whose representatives indicated that if a structure of this type were to be established, "it would necessarily have to be controlled by a /specific Parliamentary committee,/ not the administration."

There are also stumbling blocks in the way the functions of the /chairman of the joint chiefs of staff/ are set forth. In the opposition's view, this official is reduced to "a mere administrator, because during a conflict the operational faculties would be relegated to the /chief of the Theater of Operations,/ also to be named by the president."

Justicialist Legislator Predicts Rejection

Buenos Aires CLARIN in Spanish 25 Jun 85 p 13

[Text] National Justicialist Deputy /Alberto Melon/ predicted that his party will reject the administration's National Defense Bill in general and in particular, since among other things it does not contain any provisions for /"the possibility of an internal conflict"/ in case there is an outbreak of subversion.

The deputy also stated that opposition to the bill stems from an alleged /"lack of legislative participation"/ in the initiative's provisions.

/Melon/ made this statement predicting that the Peronists will oppose the National Defense Bill during a press conference at which he also revealed that /"in the choice between Herminio Iglesias and Antonio Cafiero in the upcoming elections in the province of Buenos Aires, I support Herminio."/

The Justicialist deputy has been Herminio Iglesias' principal opponent in the province of Buenos Aires in recent months, but in explaining his new stance he argued that that confrontation /"had no internal repercussions,"/ and for that

reason /"my current position is in line with that of the [illegible] Organizations and the General Confederation of Labor (CGT)."/

/Melon/ also expressed caution about the electoral support the Justicialist Party may garner in the legislative elections of next 3 November, while acknowledging that "today we are not a valid alternative either for Peronists or for non-party members."

The Peronist deputy later explained his party's criticism of the National Defense Bill which the administration has submitted to Congress, stating that it focuses "on the lack of legislative participation entailed in the government's initiative, and of consultation with the top echelons of the military."

Melon concluded by stating that the future National Defense Act "should also consider what the country will do with the arms industry." Along other lines, he reported that the Peronists "support" the creation of a national intelligence center, but explained that this initiative "should be contained in a separate piece of legislation from the National Defense Bill."

Radical Deputy Refutes Critics

Buenos Aires CLARIN in Spanish 26 Jun 85 p 26

[Text] The secretary of the Chamber of Deputies /Defense Committee, Guillermo Sarquis/ (UCR), rejected criticism of the administration's Defense Bill by Justicialist legislators /Luis Sobrino Aranda and Alberto Melon,/ and stressed that this difference of opinion lies in /"two (different) concepts of life and of the role the armed forces should play."/

Sarquis contended that Sobrino Aranda (who is vice-chairman of that legislative committee) /agrees with the system utilized by the last military regime to combat subversion. He contrasted that stance with the spirit of the bill in question, pointing out that "we do not agree with that methodology."/

In statements to Radio Mitre here, the Radical legislator took issue with statements made by Melon, who had predicted that the Justicialists would oppose the government's initiative because /"it does not provide for the possibility of internal conflict."/

In his defense of the bill, Sarquis said that he is /"not only surprised, but also annoyed"/ at the statements made by Sobrino Aranda and Melon, commenting that the confrontation is due /"to two concepts of life, two ways of seeing the role of the armed forces"/ within a community.

/"In general, it could be said that Melon is a supporter of Herminio Iglesias in the province of Buenos Aires and agrees with his maneuverings and procedures; of course we, on the other hand, do not agree with Iglesias' methods or his ideas on any issue, particularly that of the military."/

8926
CSO: 3348/773

ARGENTINA

EFFORTS TO REVERT DROP IN OIL PRODUCTION DETAILED

YPF Head on Plans

Buenos Aires CLARIN in Spanish 11 Jun 85 pp 38-39

[Text] [Question] The production plans indicate that, during 1985, there will be no increase over the 1984 volumes. Could this entail a shortage?

[Answer] The maintenance of the volumes extracted in previous years and even the appearance of slightly lower figures are due, fundamentally, for the production by administration (70 percent of the total), to the decline in the Santa Cruz Norte and Mendoza deposits. As for the production by contracts, representing the remaining 30 percent, there has also been a reduction due to problems associated with financial difficulties.

[Question] How will that situation be reversed?

[Answer] In both instances, measures have been adopted to reverse this situation; by activating the drilling work in the case of YPF [Government Oil Deposits]. As for the work by contract, with the contractual payment terms restored to the contracting firms, the latter will have to make the investments stipulated in the respective contracts which were delayed for financial reasons, waiting for a recovery by the second half of this year. The anticipated recovery will make it possible to maintain the self-sufficiency even if there should be an upsurge in economic activity. Moreover, it should be realized that there will be a gradual improvement in the structure of the energy balance, with an increasing predominance of water and nuclear power in the electrical supply, and that the replacement of fuel oil by gas is another factor that allows for less oil consumption for the benefit of the overall energy equation.

[Question] Will the importing of crude from the USSR materialize?

[Answer] For the present, there are no transactions of that type completed with the USSR. So as to deal with the commercial obligations which we have with that country, in view of the figures on our exchange of products, consideration has been given to the purchase of heavy equipment by state companies, including YPF.

[Question] What are the production prospects for next year?

[Answer] The prospects for hydrocarbon production in 1986 are closely tied in with the recovery of YPF's business and economic potential.

[Question] Do you foresee a heightening in the contracting companies' activity?

[Answer] Insofar as the production by administration is concerned, we shall allocate the necessary funds to give it an incentive and keep the domestic market's self-sufficiency ensured. As a supplement, for the same purpose, we expect the activity of the contracted areas to reach the promised investment levels with resultant production increases, based on what was agreed in the latest renegotiations and the obligations incurred therein.

[Question] What is YPF's financial situation?

[Answer] In order to analyze the financial situation confronting YPF, a diagnosis must be made of the reasons that caused it; which makes it possible to avoid hasty conclusions and not to make a mistake in the measures to be adopted. During the last de facto government, there was a progressive decline in the net prices received by the company, which led it to incur a sizable debt. This, combined with an inequitable tax treatment and an irrational policy of peripheral privatization caused for YPF the serious financial and economic situation that the democratic government had upon assuming office. So much so that, if the withholding levels of December 1977 had been retained, YPF's income would have been \$8.3 billion in excess of the amount that it really earned during the period 1977-83; a figure which, as we can observe, far exceeds the \$5.5 billion comprising the total debt.

[Question] Will there be a continuation of the application of hikes in the price of gasoline, all aimed at improving YPF's income?

[Answer] The financial situation will improve as a result of the established policy of tariff revision, particularly in view of the increase on 17 May. This revision policy will make it possible to reverse the situation of economic losses stemming from the difference between the cost of producing crude and by-products and the net receipts set for them. Similarly, there may be a redefinition of the policy on payment terms for contractors and suppliers, returning to more simplified systems, which will afford a sizable savings in outlays through the real reduction of prices and the decline in the heavy financial cost that YPF has had to confront to date. As for the payment to the DGI [General Directorate of Taxation] of the tax on fuels, we can say that there remains a considerable debt, which has been increased by the respective compensatory interest. In this respect, we must consider as a counterpart the heavy debts owed to YPF by other state enterprises and private firms as well; and, fundamentally, it must be realized that, whereas taxes are collectible within 10 days of the billing date, YPF's receipts have an average collection term of 24 days.

Foreign Contract Terms Uncertain

Buenos Aires CLARIN in Spanish 11 Jun 85 p 38

[Text] The distribution of the 164 oil areas that will be bid on for exploration marked the beginning of the implementation of the oil program announced a little over 2 months ago by President Alfonsin in Houston.

With the decision already made that the first phase of that plan will be one of exploration, two key aspects that will allow for the actual attraction of foreign capital still remain to be learned: the decree that will regulate this participation, and the contract models to be used. It is herein that the struggles are being generated, both over the different approaches discussed among the team of officials in the sector and among the business owners already working in the country.

At present, the debate revolves around two main points. First, there are some who insist on the inclusion of crude as a possible form of payment, fearful of the lack of foreign exchange, pesos or by-products to make up the forms of compensation devised by the energy authorities. The other point is no longer the contract model (one of association with risk has been predefined), but rather one specific feature. On the side of the business owners, there is a question as to whether it will be YPF that decides on its participation with the private companies once the presence of oil has been proven in a particular area. It is argued that, in this way, there is a failure to abide by the Colombian model, which institutionalizes a compulsory association between the private entities and the state.

Beyond the discussions, in a little over 2 weeks all aspects concerning the implementation of the oil program will have been completed; and, starting then, we shall be able to observe the viability of the expedients devised and the interest of foreign firms in that investment.

It will also be disclosed whether one of the pivots on which the policy devised by the minister of economy, Juan Sourrouille, revolves will bring about the economic reactivation sought through hydrocarbons.

Increased Exports Planned

Buenos Aires CLARIN in Spanish 11 Jun 85 p 39

[Text] The plans made by Government Oil Deposits indicate that, at the end of 1985, the income derived from exports of petroleum by-products will total \$420 million, a figure exceeding the \$360 million received from the same source during all of 1984.

There is no doubt that the programs to replace heavy fuels with gas on the industrial level and the guidelines contained in the Sourrouille Plan concerning the hydrocarbons sector propose as a solution to improve the profile of the foreign currency income to the country a steady, increasing export of those products which are processed from petroleum.

According to the head of YPF, "The country is witnessing a change of mentality regarding foreign trade; we can no longer continue to regard the export markets as recipients of our possible surpluses on the domestic market." Hence, Rodolfo Otero thinks that, "This change of mentality requires adjusting the structures and the infrastructure simultaneously. For example (he notes), the country should have a port at its disposal that would make exports possible without incurring either delays of vessels or expensive cargo (top-off) operations."

The available data show that, during the period from January to May of this year, exports of by-products attained a volume equivalent to \$104 million, less than the \$128 million accrued during the same period in 1984. That trend was already evident during the first 4 months of the year, when the volume of exported products totaled 600,400 cubic meters, standing under the 683,600 cubic meters sold on the foreign market between January and April 1984.

Otero nevertheless thinks that, "Analyses of very short periods are not only non-representative, but also magnify errors, usually leading to mistaken conclusions." Strictly speaking, at the year's end the total exports will represent foreign exchange income exceeding the amount recorded last year by \$60 million.

French Plan Offshore Investments

Buenos Aires CLARIN in Spanish 11 Jun 85 p 40

[Text] Approximately \$300 million will be invested to develop the oil area known as Hydra currently owned by the French company, Total Austral, off the coast of Tierra del Fuego.

With the engineering works already prepared, the technicians estimate that two fixed platforms will be required for its development. Those platforms could be built in the country, particularly in view of the Argentine-French economic cooperation agreement concluded in Paris last week.

Production and Investments

The evaluations that have been made indicate that, if the administrative features of the contract made between Argentina and Total Austral are determined immediately, the first product deliveries will start in 1987.

With the first exploratory period for which Total Austral is responsible now completed, that company has submitted to the energy sector authorities its forthcoming investment and work commitments, which represent increases in its obligations for drilling, installing seismic lines and further well drilling during this second period.

Owing to the geological features of the area, its structures show differentiated characteristics, causing greater or lesser costs in the various instances.

This unquestionably entails a non-linear approach when it is time to stipulate both the prices and the payment guarantees that are to be acknowledged.

'Clause Two'

These are the very topics contained in Clause Two of the Total Austral contract on the Hydra area currently under discussion, in an attempt to establish a price differentiation based on the location and features of the different structures contained in the awarded area.

Cooperation

The cooperation agreement signed with France includes among its terms precisely the continuation of the work in Hydra which (once the discussion of the respective contract clause has been finished) will make it possible not only to approach an investment of approximately \$300 million, but also to expand the local oil production.

More Exploration, Drilling Required

Buenos Aires CLARIN in Spanish 11 Jun 85 p 40

[Text] During the past few decades the plan of oil activities in Argentina has not been marked by emphasis placed on greater discoveries of reserves. For example, at present, the proven crude supplies will suffice to cover only 14 more years of consumption.

The exploration and resultant rate of well drilling is what indicates the trend toward quantifying reserves, and it is this area that is currently undergoing a critical situation; although the decline in economic activity and the lesser consumption stemming from this make it possible to conceal the tightness that the oil supply will show in the future.

Argentina is an under-explored country, and the magnitude of the deficit in this respect is reflected in the fact that only 8 percent of the sedimentary basins on the continent have been moderately explored.

Few Wells

This means that out of a total of 1,337,750 square kilometers of sedimentary basins on the continent, only about 110,000 square kilometers have been somewhat investigated.

A comparison with the situation that has occurred in the United States (over and above the obvious differences that exist between that economy and the Argentine) makes it possible to quantify the local lag. Whereas, in the United States, historically, one well has been drilled in each 2.8 square kilometers of sedimentary basin, in our country one well has been drilled for only every 57.8 square kilometers. If Argentina had drilled with a density comparable to that of the United States, we would now have 632,000 wells; in other

words, 2,100 percent more than the 29,980 wells drilled as of 1983. In the United States, for example, 168 percent more wells have been drilled than in Argentina between 1907 and 1983.

To attain a level of activity similar to that of the U.S., Argentina would have to keep 96 seismic groups active, drilling 3,295 wildcat wells. It should be noted that the total number of wildcat wells drilled in our country up until 1983 was 3,882.

In Search of Reserves

The importance of heightening the exploratory effort is obvious, particularly when one realizes that Argentina, which is not an oil producing country, has to ensure coverage of its crude requirements.

For the present, the sure evidence of oil supplies indicates that Argentina holds only 0.36 percent of the world reserves.

Hence, a reactivation of the productive system would be accompanied by an increase in the hydrocarbon requirements.

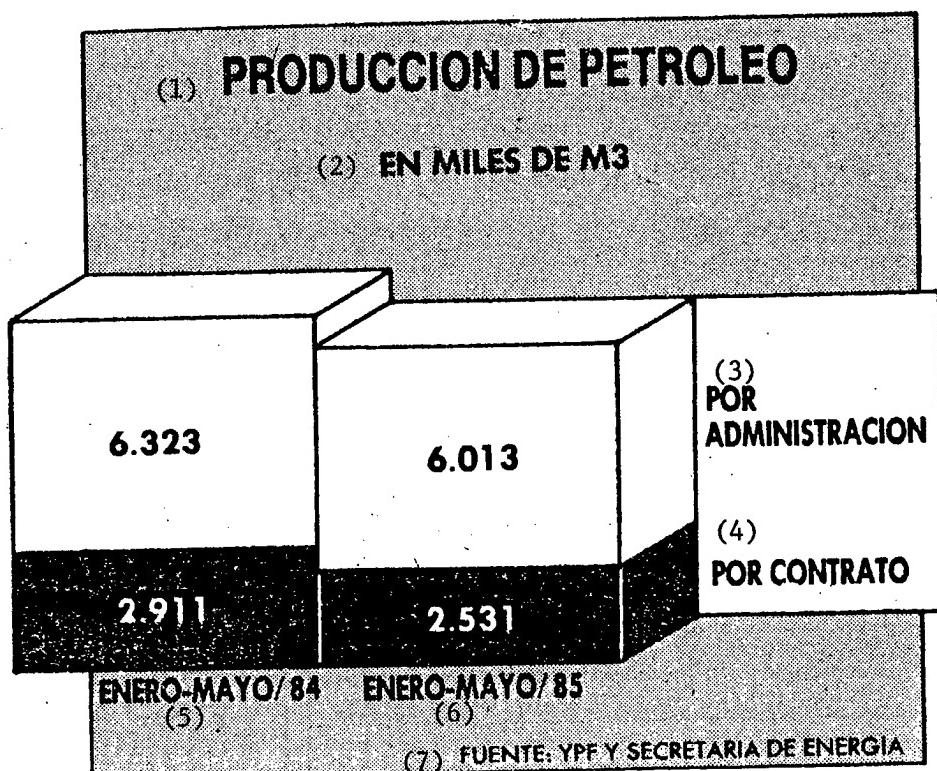
Future Requirements

According to the estimates made by technicians in the sector, an average 3 percent increment in the gross domestic product during the next few years would demand doubling the present number of well drillings.

This means reaching a maximum of 300 wells, and to accomplish this there would have to be a flow of investment equivalent to \$1 billion per year.

In this context, it should be realized that Government Oil Deposits' current operational capacity would make it possible to drill as many as 150 wildcat wells per year.

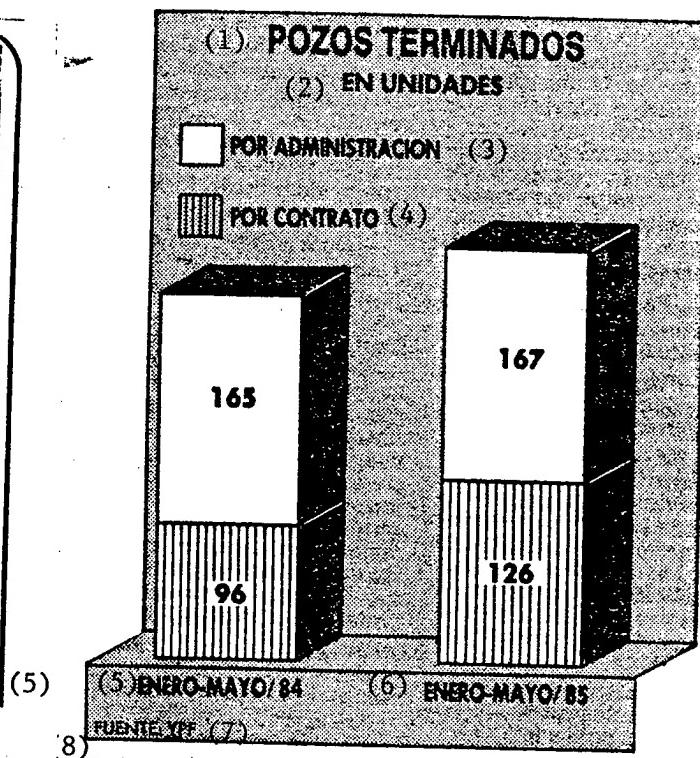
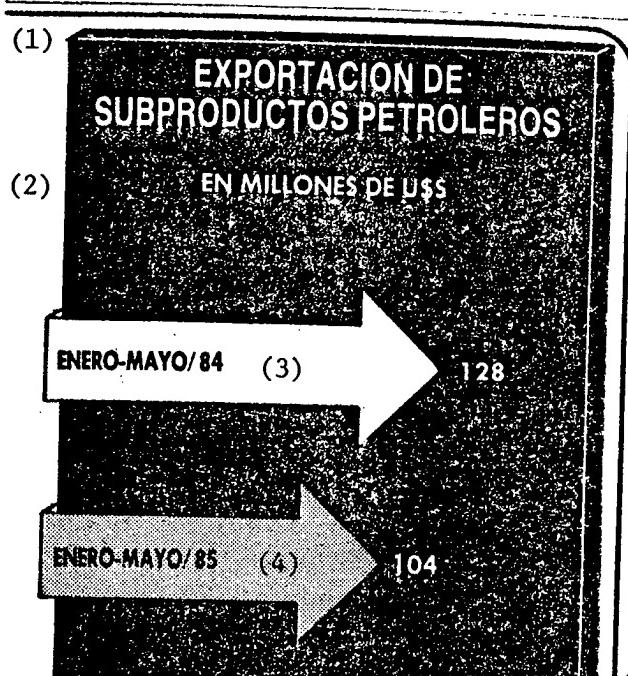
The remainder would certainly have to be taken over by private industry.



(8) El estancamiento de las inversiones y las restricciones presupuestarias se cuentan entre las causas de la caída en la producción de crudo obtenida tanto por Y.P.F. como por las empresas contratistas, en lo que va del año.

Key to Chart 1:

1. Oil Production
2. In thousands of cubic meters
3. By administration
4. By contract
5. January-May/84
6. January-May/85
7. Source: YPF and Energy Secretariat
8. The stagnation in investments and the budgetary restrictions are among the causes for the decline in the crude production accrued by both YPF and the contracting companies thus far this year.



Key to Chart 2:

1. Exports of Petroleum By-Products
2. In millions of U.S.\$
3. January-May/84
4. January-May/85
5. Source: YPF

Key to Chart 3:

1. Completed Wells
2. In units
3. By administration
4. By contract
5. January-May/84
6. January-May/85
7. Source: YPF
8. A slight upswing typifies the total wells completed thus far this year in comparison with the same period last year, a rise that would have to become marked to ensure a moderate prospect for reserves.

2909

CSO: 3348/764

BAHAMAS

HOUSE PASSES AMENDMENT TO DRUG BILL OVER OBJECTIONS

Hanna's Reservations

Freeport THE FREEPORT NEWS in English 5 Jun 85 p 3

[Text]

NASSAU — Objection of the Official Opposition was ineffective Monday to the passage of an amendment to the Dangerous Drugs (Amendment) Bill, 1985.

The amending Bill, which went through its third reading and passing on Monday morning, came under much criticism by both the Opposition and some government backbenchers, and an amendment to the amendment to the Dangerous Drugs (Amendment) Bill, 1985 by Opposition Parliamentarian Cecil Wallace Whitfield was defeated.

Former Minister of Finance and Deputy Prime Minister Arthur Hanna said of the amending Bill that for government to "come to the House with this bill is obviously a mistake." He said that what will happen is when the laws are printed it will be absolute nonsense. He said that the Bill that was about to be passed by the House is already on the books.

Under the Dangerous Drugs (Amendment) Act, 1980, section 25 of the principal Act has among its amendments: (a) in sub-section (1) (e) deleting the words "(Cannabis sativa)" and substituting the words "(any plant of the genus cannabis)."

Clause 2 (a) of the amendment to the amendment passed on Monday reads "By deleting the brackets and words "(cannabis sativis)" and substituting therefor the brackets and words "(any plant of the genus cannabis)".

The Former Deputy Prime Minister and Member of Parliament for Anne's Town said that the amendment to the amendment amounted to nothing more than exchanging "cat" for "cat," and he said that "It is going to be interesting to see how the printers of the law books are going to deal with this."

The amendment to the amendment that had been proposed by the Member for Pine Ridge, Mr. Whitfield, had been that the Dangerous Drugs (Amendment) Bill 1985 and the amendments proposed thereto and the Dangerous Drugs Act Chapter 223 of the Revised Laws of the Bahamas and all matters related

thereto be referred to a select committee with power to send for persons papers and records and with power to sit from place to place and with leave to sit during the recess.

And also coming under heavy criticism by Parliamentarians was clause 2.(c) of the amendment to the Bill which read that "Where a person is found in any place in possession of dangerous drugs or any substance which having regard to its appearance, quality or texture is capable of being misrepresented as a dangerous drug, it shall be presumed, unless the contrary is shown, that that person was in possession for the purpose of committing an offence under paragraph (f) of making a misrepresentation."

Of this clause, the Member for Pine Ridge said that it appeared as

if the Government was bringing into the Dangerous Drug Act an offence that has its proper place in the Penal Code and not in the Dangerous Drug Act.

The Member for Ann's Town, Mr. Hanna, commented on this clause, too, in his contribution to the debate. He questioned the clause's shifting of the burden of proof (it shall be presumed, unless the contrary is shown).

Minster for Health Dr. Norman Gay informed the House that the government had received legal advice on the points that had been raised with regard to the amendment. He stated, however, that the government had made a conscious decision and decided that they will proceed with the amendment to the amendment.

Whitfield Motion

Freeport THE FREEPORT NEWS in English 5 Jun 85 p 3

[Text]

NASSAU — An amendment to an amendment to the Dangerous Drugs (Amendment) Bill, 1985, seeking a bipartisan committee to consider the Bill and all matters related to the drug problem in The Bahamas, moved by Opposition Parliamentarian C.V. Wallace Whitfield, failed on Monday in the House of Assembly.

Mr. Whitfield proposed his amendment while contributing to a debate on an amendment to the Dangerous Drugs (Amendment) Bill, 1985, which was passed in the House of Assembly by a majority government vote.

Mr. Whitfield heavily criticised the drafting of the bill, stating that it included certain technicalities. And he pointed out that among the errors in the amendment was that it sought to delete something not there for something already in the Act. "I do not

know how that is possible," Mr. Whitfield said. He added that the law as it exists is what the amendment portends to be doing. He said that what was being sought is to make what is already law, law.

He said that there are already enough problems in the Drug Act, and charged that the government should have come up with something sensible rather than with "total nonsense at this time."

He expressed the hope that the Minister of Health, Dr. Norman Gay, and the Leader in the House, Clement Maynard would take the advisable course and drop the amendment forthwith.

The Pine Ridge representative noted that the government had expressed that there was a difficulty relating to the soliciting of persons, especially visitors, by persons attempting to sell substances that they represented as dangerous drugs.

He noted that misrepresentation, as outlined in the clause 2 (b) of the Dangerous Drugs (Amendment) Bill, 1985, is a proper subject for the penal code. He noted that in dealing with Dangerous drugs, it appeared as if "we are beginning to deal with subjects which are not prohibited."

Mr. Whitfield pointed out that the Dangerous Drugs laws allow not only for the offence of possession but also of possession with intent to supply. He noted, however, that the substance was to be dangerous drugs and that the penalties for such offences are very strict.

He said that the Government was saying that people on Bay Street are annoying the tourist and that the new law was a means of dealing with that problem. He said that the matter, however, has nothing to do with dangerous drugs.

He said the movers of the Bill and the amendment should be conscious that there are many aspects of the Dangerous Drug Act that need to be looked at in depth and not simply by a cursory glance, "as the drafter of the amendment seemed to have done."

He said that what is needed is a comprehensive new bill dealing with all drug matters. He said too that the

effort to deal with the matter should be done on a national basis and contributed to by all parties for the purpose of eradicating "this evil from our society."

Mr. Whitfield said it is necessary to consider what safeguards need to be put up and the entire effort will require the goodwill of all for certain parts of the constitution to be amended to get at the profits derived from the drug business.

He said that all need to get together to set up a modern bill better than "this bill that does not adequately address the problems of 1985." Mr. Whitfield said that the debate provided a most admirable opportunity for the Government to back off "this nonsense and refer the Bill to an all-party committee."

"Unless that happens, these type of Band-Aid solutions will not deal with the problem which our people and nation face," Mr. Whitfield said.

CSO: 3298/850

BAHAMAS

MP CHRISTIE VOICES CONCERN OVER DRUGS, U.S. INVOLVEMENT

Freeport THE FREEPORT NEWS in English 5 Jun 85 pp 1, 2

[Excerpts]

Perry Christie, Member of Parliament for Centerville touched on the impact that drugs have had and continues to have on The Bahamas during an address to the Kiwanis Club of Lucaya Saturday during their 17th anniversary dinner.

He termed it the "gravest challenge" facing the nation today.

"One of the fascinating things that exist today is that when one reads the Commission of Inquiry Report and the report of the National Task Force on Drug Abuse one has to be horrified at a number of the findings and observations made in both of them," he said.

"I said in the House of Assembly that the aspect of transhipment of drugs that most concerns me is that the people who are not involved are invariably a part of organized crime.

"We find it necessary perhaps to focus on strategies that change and that are very flexible as they affect The Bahamas where they are coming through Grand Bahama, and Abaco and suddenly they start a different strategy using small boats and off loading and you read about it but tend not to

focus on it because you feel that's not our problem perhaps, we say

"And then we reach a point where we read about American agents and officers with or without the presence of Bahamian officers searching Bahamian boats and some of us say if I was to speak out about that someone will say I am a part of drugs or I am trying to defend people who are transhipping drugs.

"We then start to realise that this whole area of transhipment, foreigners determining that The Bahamas must be a place to use jumping off to the U.S., American agents focusing on The Bahamas being that place and coming into The Bahamas, we realise that we don't talk about foreign relations publicly in the Bahamas and if we talk about it we do so frequently," he said.

This Commission that I was listening to last week said that as the interdiction procedures become more sophisticated and as they put up radars, what is happening is that the amateurs are being driven out of moving drugs leaving it to the specialists. So more and more the real, true

organized crime fellows are in charge and they could almost match the resources of the agencies of the U.S.A.

"Another thing they said was that for the first time in alarming proportions at the pusher level or the street level, they find that the manner of punishment is copying the punishment at the top and they went on to stipulate shooting in the head, executions and torture.

"Suddenly you think, that if one wanted to look at the trend here then you can see the beginning of the trend here too. You realise that this thing is getting serious. and then you say how serious. Let's jump to the Commission of Inquiry reports. In July 10, 1980 or 1981 Independence Day, picture the leaders of our country sitting at Clifford Park. Joe Lehder is at Norman's Cay. Colombians are at Norman's Cay. Bahamian police officers are at Norman's Cay. A Bahamian pilot - he is named in the Commission report loads his aircraft with two Colombians putting on leaflets on board with a Bahamian policeman watching. These

leaflets have on it the DEA should go home and many of them have U.S. dollar notes in varying denominations stapled to them. Their declared intention was to fly to Clifford Park where the leaders were and to bombard Nassau New Providence with these leaflets and then to Bimini and Abaco.

"They left Norman's Cay and then came to Nassau and they dropped their leaflets and they went to Bimini and dropped their leaflets and something happened to the aircraft and they had to return to Norman's Cay.

"Can you imagine the brass, the bravado that goes into making a decision like that by foreigners in your country having the cheek and the temerity to load their plane and fly over an area where the leaders of the country are assembly and the people country are assembled thanking God for another day of independence?"

But it happened," emphasized Mr. Christie "The enormity of it misses us. But the fact of the matter is that we don't focus on it and it slips you.

"There is blurring of what is right and wrong," he said.

CSO: 3298/850

BAHAMAS

LEADERSHIP ISSUE IN PLP IS FOCUS OF ATTENTION

Backbenchers' Call for Probe

Freeport THE FREEPORT NEWS in English 6 Jun 85 p 7

[Text]

NASSAU — A group of backbench members in the governing party on Monday afternoon served notice in the House of Assembly of the appointment of select committees to probe into a number of controversial areas, including a "Code of conduct for Members," "the creation, development and implementation of an economic plan for the orderly and systematic growth and development of The Bahamas" and to determine, if necessary, areas to amend or revise the construction.

The motions, which have been placed on the House's agenda for its consideration at the next meeting on Wednesday, June 12, were all read just before Monday's adjournment by Hubert A. Ingraham, M.P. for Cooper's Town, and former Minister of Housing and National Insurance, on behalf of the backbench members.

Motions were put on behalf of Arthur D. Hanna, M.P. for Ann's Town and former Deputy Prime Minister and Minister of Finance; Perry G. Christie, M.P. for Centreville and former Minister of Tourism; Moses Hall, M.P. for West End, Grand Bahama; Sinclair S. Outten, M.P. for St. Barnabas; Charles Carter, M.P. for Holy Cross and David A. Knowles, M.P. for Salem.

Following are the motions for the appointment of select committees:

Mr. Ingraham or Mr. Christie or Mr. Outten or Mr. David Knowles:

"To consider the overwhelmingly urgent and immediate need for the creation, development and implementation of an economic plan for

the orderly and systematic growth and development of the Bahamas; with power to send for persons and papers, with leave to sit from place to place and with leave to sit during the recess."

• Mr. Ingraham or Mr. Hanna:
"To consider the desirability and advisability of adopting a Code of Conduct for Members of Parliament with special reference to conflict of interest, the acceptance of gifts, influence peddling and the need to regulate such a Code; with power to send for persons and papers, with leave to sit from place to place and with leave to sit during the recess."

• Mr. Ingraham or Mr. Hanna:
"To consider the advisability and desirability of convening an All Party or National Constitutional Conference to determine the extent to which the Constitution of the Bahamas require

amendment or revision so as to further reflect the aims and ambitions of the Bahamian people particularly in light of the experience gained to date and to make recommendations in respect thereto; with power to send for persons and papers, with leave to sit from place to place and with leave to sit during the recess."

• Mr. Christie or Mr. Ingraham:

"To consider the advisability of regulating and controlling political contributions with special reference to large foreign donors and all matters relating or pertaining thereto; with power to send for persons and papers, with leave to sit from place to place and with leave to sit during the recess."

• Mr. Outten or Mr. Ingraham:

To consider all matters relating to the rates and surcharges for electricity charged by the Bahamas Electricity Corporation with special reference to the new fuel efficient generating facilities of the said corporation, the anticipated and/or promised reduction in electrical costs to consumers; with power to send for persons and papers, with leave to sit from place to place and with leave to

sit during the recess."

• Mr. Ingraham or Mr. Hall or Mr. David Knowles:

"To take into consideration and make recommendations in respect of all matters relating or pertaining to Family Island economic development, infrastructure, services, employment and administration; with power to send for persons and papers, with leave to sit from place to place and with leave to sit during the recess."

• Mr. Carter or Mr. Ingraham:

"To consider all matters relating to the Private Roads and Subdivision Act and all matters pertaining thereto; with power to send for persons and papers, with leave to sit from place to place and with leave to sit during the recess."

• Mr. Carter or Mr. Ingraham:

"To consider all matters relating to the Quieting Titles Act and possessory and defective land titles in the Bahamas; with power to send for persons and papers, with leave to sit from place to place and with leave to sit during the recess."

Paper's Note of Caution

Freeport THE FREEPORT NEWS in English 6 Jun 85 p 2

[Editorial]

[Excerpt:]

Yesterday we said that The Bahamas lacks leaders of integrity and backbone. This is perceived by many to be true among both major political parties. When the masses needed a leader in the 1950's to champion their cause, along came Lynden Oscar Pindling. Now the nation cries out for a strong hand to rescue it from the clutches of corruption spawned by the evils of drug trafficking.

Who will come forth?

The state of the nation is such today that the citizenry regards both the governing party and the Opposition movement in the same jaded light.

One Freeporter Bradley Ambrister, articulated his feelings, shared we believe by many — on the matter by stating (see June 5 edition) that "the public is well aware

that the FNM has some bad apples and perennial losers within their ranks. I know of PLP supporters who are totally disillusioned with the PLP leadership, but they are very apprehensive about the FNM. If faced with an ultimatum, they will cast their lot for Barabbas.

"As far as the PLP's are concerned, Peter ain't no better than Paul, so why should they do the honourable thing and give the FNM a chance to govern."

We believe, strongly, that this nation deserves firm guidance out of the pit of evil it now finds itself emersed in. We do not see this coming from the current circle of the mighty who sit in the rarified atmosphere of Churchill Square, for they are already condemned by their own Commission of Inquiry and have thus far failed to take the necessary steps to salvage what honour they had left.

It now remains for the populace to stay on the alert to ensure that the present administration does not do further damage to our Bahamaland. We owe this to oursevles and those who will come behind us.'

Disciplinary Hearing

Nassau THE TRIBUNE in English 25 Jun 85 p 1

[Article by Athena Damianos]

[Excerpts]

FORMER Cabinet Minister Hubert Ingraham appeared before the PLP Disciplinary Council last night following complaints lodged against him for statements he made in the House of Assembly during the 1985 Budget Debate and on May 2.

Mr Ingraham called on two former Cabinet Ministers, who were found wanting by the Commission of Inquiry, to resign on May 2 when he spoke out against corruption.

"I have no comment to make because my trial and my tribulations continue," Mr Ingraham laughed today.

Andrew "Dud" Maynard, brother of the Minister of Tourism and Foreign Affairs, was one of eight people who filed a complaint against Mr Ingraham. According to the

Commission of Inquiry report, Mr Maynard's M&D Airlines "acquiesed in the illegal trafficking of drugs through Norman's Cay."

A second complaint was filed against Mr Ingraham by Tania Rose, who lives in St Agnes, the constituency represented in Parliament by former Minister of Youth Kendal Nottage. According to the Commission, Mr Nottage "whether he realized it or not" fronted for New England mafia figure Salvatore Caruana. Nottage and Caruana were joint partners in a Freeport business venture.

It is understood that the following people have also filed complaints against Mr Ingraham: Percy Munnings, Calvin Lockhart, brother-in-law

of Minister of Tourism Clement Maynard, Brave Davis, Sr, Charlie Major, Jr, Teletha Strachan, president of the Straw Vendors Association, and Thomas Basden.

The Disciplinary Committee is headed by PLP MP Leander Minnis with Senate president Edwin Coleby as his deputy. Members include Leroy Ferguson, Clifford Rahming, Granville "Smiley" Butler, Joe Deleveaux, and the Prime Minister's close friend, Felix "Mailman" Bowe.

Mr Ingraham has been the only PLP parliamentarian to be called before the party's Disciplinary Council. Contrary to reports Mr Perry Christie has not been disciplined.

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BAHAMAS

ADDITIONAL REPORTAGE ON REMARKS BY LABOR LEADERS

TUC Pre-Labor Day Message

Freeport THE FREEPORT NEWS in English 5 Jun 85 p 1

[Article by Simon Lewis]

[Excerpt]

'Activities leading up to the celebration of Labour Day (Friday, June 7) kicks off on Grand Bahama tonight, with a grand Pre-Labour Day church service scheduled for the Central Church of God on Coral Road. The service, which will be conducted by the Grand Bahama Christian Council, came about as a result of a request by unions affiliated with the Commonwealth of The Bahamas Trade Union Congress.

And, in a Pre-Labour Day message, two senior executives in the Trade Union Congress have already focused on a need for healing in The Bahamas, stating that the country has suffered much pain, deep seated economic problems and shattered dreams. Those were typical of the messages already delivered by TUC President Mr. Arlington Miller and TUC Secretary General Mr. A. Leonard Archer, who also serves as the first Bahamian President of the Caribbean Congress of Labour.

In his pre-Labour Day message, Mr. Miller said that "the past 365 days have not been at all pleasant ones not for our country, not for the workers, nor for the trade unions.

"We have witnessed our country torn and ripped apart upon the shoals of corruption, our country leaders scandalized on the waves of the international press and our people, like floatsam, drifting on the tides of drug abuse and insecurity.

"Never before in the history of our country have we been exposed to such a calamity, meticulously designed by a few, which affects so many causing so much pain, suffering, broken bodies, shattered dreams and deaths" he said.

He added that there is still a solution to the ills of the nation and "We as trade union leaders must be prepared to recognize the needs of our workers and take positive action.

Mr. Miller, who is expected here this week to participate in the Labour Day activities organized by member unions of the TUC said that today marks yet another milestone in their struggle towards their goals for unity in the trade union movement. "But personal events and differences continue to override our objectives" he said.

In his pre-Labour Day message C.C.L. President Mr. A. Leonard Archer also touched on the ills that face this country and renewed his call for the Government to introduce legislation to protect the nation's work force.

He said: "Labour Day 1985 finds an uneasy calm settled over our beloved country. There are some deep seated economic problems which need urgent solutions, and for which no solutions appear to be imminent. The nation seems to be in a state of moral and spiritual malaise, and seems prepared to accept expedience over principled action.

"The situation cannot be allowed to go on forever, for if it does, the very ethical foundations of our nation might be destroyed" he added.

According to Mr. Archer, the workers of this country have a sacred and moral duty to do something about the current state of affairs.

"We must take the lead in pointing the nation to the way out of its current dilemma" he said. "We must be principled enough to demand that right be done, and that those who are responsible for the problems we face are dealt with according to the rules of justice and fairplay."

He said that two other problems which demand undivided attention are the

unemployment crisis and the problem of job protection for Bahamian workers.

He pointed out that over the few weeks thousands of youngsters would have completed their school education and will join the labour force without there being any real prospect of finding a job.

"There seems to be no immediate plans by the Government or the business community to do anything for our young would-be workers. We the workers must therefore offer some positive suggestions to the Government and the business community so that job creation policies can be developed and implemented" he said.

Mr. Archer, who aside from serving as President of the Caribbean Congress of Labour is also Secretary General of the Trade Union Congress (Bahamas), went on to touch on this country's current labour laws and how it does not protect the worker.

He said: "Workers in The Bahamas are faced with the unhappy fact that the laws do not protect their jobs. At the moment, an employer can dismiss a worker at will provided that adequate notice is given.

"Clearly, this is not enough" he stated. "We need to incorporate the concept of Unfair Dismissal into our laws so that an employer would not be able to dismiss a worker without a justifiable cause.

"We also need provisions for redundancy and severance pay in our laws, for until we do, we cannot claim to be civilized as far as labour matters are concerned."

He added that the Trade Unions have already made specific recommendations to the Government on those matters and that "what is needed now is the active support of all workers for those matters so that the law can be made to offer these minimum protection."

25 July 1985

Call for General Election

Freeport THE FREEPORT NEWS in English 10 Jun 85 p 8

[Excerpts]

NASSAU — Leaders in two major trade unions on Friday called for the government to dissolve Parliament and hold fresh elections, in seeking a new mandate from the people.

Donald R. Symonette, president of the Bahamas Union of Teachers, cited a number of social ills, including a high incidence in criminal activities, among others, in making his appeal for new elections.

"The BCPOU has had its election ... the voting was clearly conducted ... the cry for election goes on ... we have put ourselves to the test in the BCPOU ... we dare the compromised to do the same ... follow the example of the great BCPOU if you dare," declared Keith Archer, president of the Bahamas Communications and Public Officers Union.

Both unionists were participating in a Labour Day rally at Christie Park, Nassau Street.

According to Mr. Symonette, while commenting on the participation of political leaders in the Labour Day parades, said "we don't need representatives to march with us ... they are in the House and could make laws."

He saw the need for minimum wage laws.

And Mr. Archer declared that "the BCPOU is squarely opposed to the slaying of blacks in South Africa ... we request that our government put a stop to all financial transactions through local banks with South Africa as a genuine commitment against apartheid."

Labour Day, 1985, again saw the emergence of two parades through the streets of New Providence, one conducted by the Commonwealth of the Bahamas Trade Union Congress, under the leadership of Arlington L. Miller, and the other by the Bahamas Hotel Catering and Allied Workers Union, under the presidency of Thomas Bastian.

Observers noted that both parades had strong political overtones, and that the only saving grace was that at none of the rallies were politicians allowed to speak.

BHCAWU's parade, which covered a longer route than that of the TUC's, was dominated by hierarchy members and their supporters in the ruling Progressive Liberal Party. It was the view of the observers that the PLP's presence in this parade upstaged the efforts made by hotel workers and the Bahamas Brotherhood of Longshoremen.

In the TUC's parade, the unions led the way, but the second half was controlled by the Action Group of the Official Opposition Free National Movement. Marching with the Action Group were Members of Parliament Mrs. Janet Bostwick and Frank Watson.

Over in Freeport, reports have it that Kendal G.L. Isaacs, Leader of the Official Opposition, was allowed to address the TUC's parade.

"The toils, the discomfort, the broken promises, the exploitation witnessed by workers," said Mr. Archer, "find solace in the workers pursuit of the promise of justice, equality and union.

"In our country workers have given births to political parties and memorandums of understanding. The single purpose of these hopes, were built on the ideal that the workers would be rewarded with dignity, justice and security.

"Eighteen years of waiting have seen the loss of a dream, the shattering of national promises and the blatant betrayal of workers trust."

"The trade union movement cannot stand idly by and see our country sink down into lawlessness, immorality, injustice and the blatant use of authority. We must stand up for justice. We must stand up for what is right, no matter what the cost. Justice demand no less from those who stand for workers' rights.

"We cannot support the blatant destruction of Bahamian society. We cannot support the callous destruction of our young people. We cannot support the daily killings going on.

We cannot support the destruction of property.

"My brothers and sisters, we are heading for a cold, cold winter."

Mr. Archer declared that "the signs of our time do not point to a

bright future ... decay and decadence is growing all around us ... it is overtaking us very fast."

He further stressed that "the trade union movement cannot be insensitive to these realities ... these incidences have become every day occurrences ... we are caught up in the trade winds of our time ... it is important that we understand these 'trade winds' and therefore, take a resolute stand to rebuke them."

Mr. Archer told workers that they must see the trade unions as more than an agency of salary improvement, and declared that "trade unions must become a new and effective agency of social change."

Unity in Diversity

Freeport THE FREEPORT NEWS in English 11 Jun 85 p 2

[Text]

NASSAU — "In no sense do I advocate evading or defying the laws, as would the rabid oppressor will have you believe ... this will lead to anarchy," declared Arlington L. Miller, president of the Trade Union Congress on Friday. "One who breaks the law must do so openly, lovingly, and with a willingness to accept the penalty."

Mr. Miller submitted that an individual who breaks the law that conscience tells him is unjust, and who willingly accepts the penalty of imprisonment in order to arouse the conscience of the community over its injustice, "is in reality expressing the highest respect for the law."

The TUC president's comments came at the Congress' Labour Day rally at Christie Park, which climaxed a march through various streets of Nassau.

Mr. Miller, who is also president of the Bahamas Public Services Union, told the hundreds of people remaining at the park following the march, that "for many years now, the Trade Union Congress encouraged all trade union leaders to put aside their difference and work together for the common good of all workers... it appears that some continue to resist this call ... I wish to announce publicly that the door of the TUC is still open for all trade union leaders who wish to put the interest of the workers as their number one priority."

He said that "too many union leaders put political loyalty above workers welfare," and reminded them that "whatever a trade union leader may think, his first and foremost obligation is to his members."

"Too often," Mr. Miller added, "trade union leaders have taken positions which are not in the best interest of workers. They make political alliances to suit their own fancies.

"These kinds of actions betray workers trust, make a mockery of workers aspirations and hamper justice for workers. Trade union leaders must take the position on the side of workers. It does not matter how unpopular those positions may be. The worker's interest is best served when his leader is serving those who make him their leader.

"Trade union leaders must understand that their command post is in the busting heat of thousands of workers. When this busting beat moves forth like a mighty storm, the workers will move to create their own theories; they will shape their own destinies and will choose those leaders who can share in growth and development.

"A trade union leader who understands these social forces in the work-place, need not fear for his future.

"A trade union leader who understands the history of workers need not sell out his friends for woe ... be unto him when the mighty forces of the workers come together in their great day of restitution.

"A trade union leader who understands all of these things, must know what his mandate is all about."

Mr. Miller declared that trade union leaders must be sensitive to the anger, the impotence, and the frustration suffered by his people, and that a trade union leader must be moved by the lack of safety, danger, social decay, absence of a national philosophy and damaging allegations against persons in high office.

"When workers see their society falling apart," said the TUC president. "When workers see their wives being raped, when workers see their children; their sons and daughters turned into dope addicts; when workers see their grandparents attacked, killed and robbed. When workers see their labour, taken for granted, when workers see the double standards of justice, morality and hypocrisy, then workers will vent their anger to correct their injustices.

"Any trade union leader who tries to bottle up these emotions is sure to be blown asunder in the ensuing explosion.

"The hard truth is, that unity of the movement is a remarkable feature of major importance. The fact that different organizations place varying degrees of emphasis on certain tactical approaches is not indicative of disunity. Unity has never meant uniformity. If it had, it would not have been possible for such dedicated Democrats (political leaders) as Thomas Jefferson and George Washington; or radicals such as Thomas Paine; an autocrat such as Alexander Hamilton, to lead a unified American revolution.

Jefferson, Washington, Paine and Hamilton could collaborate because the urge of the colonials to be free had matured into a powerful mandate. This is what has happened to the determination of the workers to liberate himself. When the cry for justice has hardened into concrete force; it becomes irresistible. This is a truth which wise leadership and a sensible society ultimately come to realize."

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BAHAMAS

SOUTH LONG ISLAND RESIDENTS INCENSED AT GOVERNMENT NEGLECT

Nassau THE TRIBUNE in English 14 Jun 85 p 1

[Article by Marcia Bethell]

[Excerpt]

RESIDENTS OF south Long Island are on the verge of a "mini revolution" because of the deplorable conditions of the roads, telephones and docks that have been ignored by the PLP government since elected to power in 1967, a resident warned today.

Describing the unbearable conditions suffered by the Long Island people, the source said that the situation has reached a point in Long Island where the residents are "fed-up and anything might happen."

"People can be easy going for only a length of time until they find their backs against the wall. In other countries people have reacted violently to this sort of thing and this is what will happen in Long Island if something is not done," the source said. "We have been begging for improvements for

20 years and nothing has been done.

On Easter night this year violence erupted in Inagua over the arrest of two residents. The violence resulted from high tension among the residents who burned the police station and barracks and destroyed two police vehicles, causing \$200,000 in damages.

At a recent rally in Long Island Prime Minister Pindling promised residents that his government would spend \$250,000 to repair the roads in the southern section of the island. It is understood that the section of road in north Long Island is in good condition. This constituency is represented by PLP member of Parliament, Philip Smith.

In Parliament in 1983 then Minister of Works and Utilities Loftus Roker promised that Long Island roads would be repaired and reconstructed

sometime that year. He admitted that for each out island district sums of money are provided in the budget for the upkeep of docks and roads.

"We would like to know what is happening to the money, because no repairs have been carried out in Long Island," the resident said. "Long Islanders contribute a considerable amount of money to the treasury because we pay taxes just like everyone else; but none of it is reinvested in the island," the resident said.

"It is like we are suffering from the bend or break concept because Clarence Town has never supported the PLP government," the resident noted.

It is understood that the money promised by the Prime Minister for road repairs is not enough to repair 1 mile of the Long Island road. Apparently, only 12 miles of the 100 mile road are in driveable condition.

CSO: 3298/852

BAHAMAS

MINISTRY STAFF TO WORK BESIDE AIR TRAFFIC CONTROLLERS

Nassau THE TRIBUNE in English 25 Jun 85 pp 1, 4

[Article by Marcia Bethell]

[Text]

MINISTER of Transport Philip Bethel announced yesterday that effective immediately, senior staff members of the Civil Aviation Department will be stationed inside the control tower to closely monitor air traffic operations to ensure the maintenance of a safe flow of ground and air traffic.

And Foreign and Tourism Minister Clement Maynard accused the air traffic controllers of "holding the whole country at ransom" to force government to meet their demands for salary increases.

Two concerned Air Traffic Controllers, however, took issue with both statements today and charged that Mr Maynard has deliberately "distorted and misrepresented" the facts to the Bahamian public.

The officials statements were issued in the wake of lengthy delays of all flights arriving and departing Nassau International Airport on Sunday. The delays resulted from a combination of work to rule action taken by the controllers, bad weather and "unbearable working conditions" in the Control Tower. Prime Minister Pindling was among the travelling public who was inconvenienced by the go slow Sunday. He was a passenger on British Airway's flight from London, which was held in the air for over an hour and for another 44 minutes on the ground before the aircraft could unload its passengers.

Minister Bethel charged that the work to rule action by the Controllers "borders on sabotage of the Air Traffic Control Services."

"It is noted that the aircraft are experiencing unnecessary excessive delays which is adversely affecting the airlines and indeed the tourism industry and our economy," Mr Bethel said.

He said that to "safeguard" the flying public, aircraft operators and the scheduled airlines from unnecessary delays senior staff members will be stationed in the Control Tower.

Mr Maynard claimed that government had agreed to salary increases for the controllers, but "we cannot agree to the increases they want."

According to Mr Maynard the Controllers are demanding salaries that would put them on par with specialists and government department heads.

"What we are offering, and I think people ought to know, are increases that range from 3%-22% which amounts to an average of 17%. What we are saying to them is that we cannot disrupt the whole service because already what we are offering to them is on the same par with doctors, lawyers and qualified accountants," Mr Maynard said.

He said that demands made by the Controllers are "completely out of order and will cause an immediate demand by everyone else in the public

service to have increases which could run \$10-15 million, while you are talking about 50 people who are holding the country at ransom."

Two Air Traffic Controllers took issue with the statement and charged Mr Maynard with "distorting the facts."

"He is making it look as if all we want is money, but that is not true," the workers said. "We are seeking an increase in salaries, and also a loss of licence benefit, a better retirement scheme and better working conditions."

The workers pointed out that they are specialists and would like the public to be aware of the pressures under which they have to work.

"We want the public to be aware of the seriousness of our job. Every day we have to make life and death decisions. Every day we have to deal with 2,000 lives. Internationally controllers are required to work 3 hours maximum, but we have to work 8-9 hour shifts with only two

15-minute breaks and one ½-hour break, and many times we can't even take our breaks," they said.

The Controllers said that to meet the job requirements they must pass an international examination with a grade 70% and higher, regardless of how many O' Levels they have. They must also pass a physical examination and if at times during their job they fail the physical examination, they are laid off.

The Controllers said they are forced to work with out-dated, inadequate equipment in the Control Tower. The installation of radar is still not completed. Work began in January on the installation, which is expected to be completed by the end of the year.

The Controllers stressed that even though they work under the worst possible conditions there has never been an accident at the airport due to a controller error.

CSO: 3298/852

BELIZE

PUP SUPPORTERS PROTEST GOVERNMENT BROADCAST POLICY

Public Reaction

Belize City THE BEACON in English 8 Jun 85 pp 1, 10

[Text]

For more than 30 long and disgusting years the PUP Government, under the leadership of ex-Prime Minister George Price, kept a tight lid on the state owned radio (Radio Belize), never allowing opposition views to be aired; and when television finally came to Belize, the PUP administration hurriedly enacted the Television & Broadcasting Act designed primarily to stifle any opposition political programmes.

Now there has been some remarkable reaction when the new UDP administration, whose first step was to remove the lid from radio, refused to allow the ousted and left leaning PUPs to begin a weekly communist propaganda programme called "Your Turn" on one of the illegally operating television stations.

First they filed a mo-

tion in the Supreme Court in the names of former PUP minister Harry Courtenay and TV operator Arthur Hoare seeking to overturn the ruling of the Belize Broadcasting Authority (See Headline Story), then on Wednesday picketed the Belize Office of Prime Minister Manuel Esquivel, in an effort to gain a measure of public sympathy.

But the picketing had an opposite effect. The picketers led by ex-Attorney General and leftist leader Said Musa and former Mayor Remijio Montejo (they were the only PUP bigwigs that appeared on the picket line) were made of hardline PUP old women and paid riff-raffs (at \$35.00 per head), who had to endure hours of broiling sun and persistent abuses from angry citizens to earn their bribe money. Communist dollars are flowing more than ever.

Esquivel on Other Issues

Belize City THE REPORTER in English 9 Jun 85 pp 1, 12

[Text]

On the eve of a court hearing moved to consider the freedom of the airwaves as a matter of constitutional right, leaders of People's United Party organized a picket line last Wednesday in front of the Prime Minister's office to protest what they described as a "repression of free speech".

Nearly two dozen picketers were on the move in an orderly walk that lasted all day, led for a short while by the former Attorney General and Minister of Education himself, Mr. Said Musa.

They had come to protest a refusal by the Belize Broadcasting and Television Authority to allow a videotaped panel discussion prepared by the PUP leadership to be used on the local television networks. The discussion purported to deal with the state of the Belize economy.

PUP leaders V.H Courtenay and S. Musa had tried to get the Television stations to show the tape two weeks ago, on May 21, but the Belize Broadcasting and Television Authority turned down the request. On May 29 a complaint was filed in the Supreme Court, and a court hearing set for Thursday, June 6. The protest picketing was conducted on Wednesday June 5.

A statement from the Ministry of Home Affairs has described the picketing as "premature" and "irresponsible", after pointing out that both the broadcasting law and the Regulations which follow are the work of the PUP while they held office in 1983 and 1984.

The Broadcasting and Television Authority was set up late last year, comprised of men and women hand-picked by the PUP-controlled Ministry of Communications.

Observers point out that the six month old UDP government had nothing to do with the formulation of the law nor the drafting of the Regulations. The most that can be said is that the Broadcasting and Television Authority, a seven man statutory body appointed under the old government, continues to serve under the new. It is this Authority which has refused to permit the party-inspired panel discussion to be shown.

Despite the picketing, the dispute over television rights has not slowed the Prime Minister or deterred him in his work. As he proceeded on a tour of the Orange Walk District this week he told worried farmers that there was no question of closing down the sugar factory at Tower Hill. In fact, he said, there are plans for this factory to expand its operations. Work was proceeding in the Hill Hank area on roads and other infrastructure for the large citrus project being introduced by Minute Maid.

Answering questions about rumours of devaluation, the Prime Minister said that devaluation of the Belize dollar is not in the cards. It is not one of the fiscal measures prescribed for the economy, and he would not allow something as serious as a devaluation to happen lightly.

Elsewhere the economic factors which government economists use to measure growth are strong. Fiscal indiscipline which had allowed government and government-related spending to get out of hand are being brought quickly under control. Savings are up and the national reserves are also up. The Prime Minister has said he expects to pay off the country's arrears of some \$9 million in debt servicing by the end of the year.

CSO: 3298/853

BELIZE

PROFESSOR LAING NAMED AMBASSADOR TO UNITED STATES

Belize City THE REPORTER in English 9 Jun 85 p 4

[Text]

The appointment of Professor Edward Laing LL.M. to be Belize's Ambassador to the United States in succession to Mr. H.E.C. Cain has been widely welcomed both in Belize and the United States.

Since the appointment of Mr. Cain to be Financial Secretary, Belize has not had a resident Ambassador in Washington.

Ambassador Laing was born in Belize City, the only son of Edward and Muriel Laing of Euphrates Avenue and Dean Street. He received his early education in Belize City and in 1961 won the Open Scholarship, a feat which allowed him to go to the University of Cambridge to study law. He is a graduate student of Columbia University and at the time of his appointment was Professor and Director of the Graduate Program of the School of Law at Howard University in Washington.

Professor Laing has served as Advisor to the Belize Chamber of Commerce and Industry on Independence, on the territorial dispute with Guatemala and on the Draft Constitution of Belize. Recently he was appointed Special Adviser to the Ministry of Foreign Affairs and assisted at the exploratory discussions between Belize and Guatemala.

Since his early days as Belizean Scholar he has gone on to a Fulbright travel grant in 1967, a Ford Foundation Research Grant in 1972 and was honoured by the Law and Economics Institute of Atlanta, Georgia in 1982.

The Ambassador designate is married to the former Miss Margery Fairweather. The union has produced two children - Obi and Nyasha.

CSO: 3298/853

BELIZE

BRIEFS

VILLAGE 'FEAR' OF ALIENS--Belizeans living in the rural parts of the country where there is a minimum of Police patrols are living in fear of aliens--strangers who come to stay in the country, often without proper documents. Mr Philip Goldson, Minister of Local Government and Community Affairs, said last week that on his recent tour of the country, he had found that Belizean villagers were "very much in fear of aliens." Mr Goldson said the alien situation was one of two serious problems bothering Belize. The second, he said, was the Guatemalan claim. Goldson, who has been working steadily to get Belizeans at town and village level to play a more active role in development and community affairs, was speaking at induction ceremonies recruiting fifteen women commissioners in the Stann Creek District. The commissioners were sworn in by Mrs Lovinia Busano, Justice of the Peace. [Text] [Belize City THE REPORTER in English 9 Jun 85 p 1]

PARAQUAT 'VICTORY' FOR U.S.--As suspected, the Americans have won, spraying will begin within the next ten days. Once the Prime Minister accepted the D.E.A. motor car the inducement was too powerful to resist. Barneerbey [sic] has won a farewell reward. The real problem about a real spraying with paraquat is that this dangerous drug will trickle into our streams and rivers so that even those living far away, or in the towns and cities, will not even know when they drink the dreaded drug. The next generation will be born disfigured and crippled and the parents won't even know why. [Text] [From the unattributed column "Dick & Jerry"] [Belize City THE BELIZE TIMES in English 9 Jun 85 p 6]

GOVERNMENT LAND 'GRAB'--Irate citizens from the Orange Walk District are seeking legal advice to save their properties from being taken away by the UDP Esquivel Government. In the May 18, 1985 Belize Gazette, 44 parcels of land are up for cancellation. In many instances, the Belizeans affected have made investments on their land, some have cleared land, others have actually begun construction. It is still not clear why these lands are being cancelled. One of the affected parties stated that it is clear victimization by the UDP Government. Other reports received by this newspaper indicate that other Belizeans in other parts of the country are also being affected by the arbitrary actions of the Minister responsible for Lands. [Text] [Belize City THE BELIZE TIMES in English 9 Jun 85 p 1]

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BRAZIL

GROWING INFLUENCE OF SARNEY'S "GROUP OF TEN" DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jun 85 p 4

[Article by Carlos Chagas: "Sarney Selects Team"]

[Text] The Planalto Palace has since the first of the week been looking for an adviser on community affairs and social welfare. Someone who, even at a low salary, can be installed in one of the offices near President Jose Sarney to serve as a consultant and planner and even an executor, whenever those subjects are on the agenda, whether or not suggested by the sectorial ministers.

The new member of the so-called "Group of 10" (because there will thus be 10 special advisers) will join Celio Borja, who will deal with institutional and political problems; Luis Paulo Rosemberg, concerned with the economy and finance; Rubem Ricupero, entrusted with international affairs; Marcos Vilaca, operating in the administrative and general affairs sector; Edison Vidigal, assigned to regional planning; and Mauro Salles, recently appointed to deal with the mass media, on the upper level. They will answer directly to Sarney, will act on his instructions and will also take the initiative in encouraging government action. Jorge Murad, the son-in-law and private secretary of the president, will work with them.

Is this a parallel government, a singular shadow cabinet operating not in the opposition, but in the government itself? Will it be the real Sarney cabinet, since in taking office, he already found all the ministerial posts filled by Tancredo Neves, and does not want to appoint his own real team, preferring to respect the political commitments made by the illustrious late president? Or is this merely a high-level advisory board essential to the operation of the government, like that which exists in the White House in the United States?

It is too soon to label the "Group of 10," but the truth is that its influence is increasing every day, to the extent that the president makes no decision with his ministers without listening to and consulting these men. Some say maliciously that they are superministers who will have the actual power and make the decisive arrangements. They would be the men Sarney would appoint as ministers, or will, in due time.

However, others do not go that far, justifying the appointment of the team of special advisers as a natural requirement of a democratic government which seeks to govern politically and with the participation of society.

Minister of Justice Fernando Lyra, for example, sees no problem in and does not feel threatened or discredited by the presence of Celio Borja in the Planalto Palace. He stresses that he has his own area of activity as a minister and even adds jokingly that before the New Republic government took office, all there was to the Planalto Palace was the cars, the garage, the drivers, the doormen and the president of the republic. Obviously there were, as there are now, the routine operations of the Civilian and Military Households and the SNI [National Service for Intelligence], but each official, from the highest to the most humble, had, as the present ones do, specific tasks, papers to process and no free time to formulate or diagnose. Thus nothing could be wiser than for the president to equip himself for his work by surrounding himself with high-level advisers capable of helping him to understand the multiple questions and to make better-informed decisions.

In the days of General Joao Figueiredo, and also of the minister of justice in question, the president made no decisions nor did he participate. He received ready-made packages from the ministers, whether in the palace or not, and merely signed papers and shrugged at "suggestions" which were nothing less than accomplished facts. What Delfim Netto brought him was gospel, generally already printed, in the realm of economics, just as the word of General Octavio Medeiros seemed to be final in all respects. The head of the Civilian Household dealt with political and administrative matters and General Danilo Venturini handed down the word on national security. As each of these individuals was accountable for one or more sectors, there was no room for the president of the republic as a natural person and, furthermore, as the highest leader and level of the decision-making process. He limited himself to attending and accepting. Now things have changed, and Jose Sarney is creating the conditions for handling the helm of the vessel himself.

It may be that the cabinet, or a number of ministers, may not be pleased by the new attitude, since after all, a de facto level between them and the president of the republic is gradually being established. When they arrive with solutions for various problems, they must discuss them with one of the members of the "Group of 10," for the time being made up of seven citizens, but soon to be completed and even expanded as the need arises. The ministers only meet with Sarney every 15 days, while the advisers have daily and constant access to his office. They are not bound by the obligations of protocol and they are free to seek out any minister at any time on behalf of the president. They attend meetings and within them, have the right to express their views whenever they want, even in opposition to the ministers, as happened with Luis Paulo Rosemberg on the day Sarney summoned the officials in charge of the economic sector and some economists to Granja do Torto. The attitude adopted by the president in the economic and financial sector, where apart from having implanted Luis Paulo Rosemberg, he is sponsoring seminars and discussion sessions with businessmen and economists with the ministers of finance and planning present, at which they even find their views disputed, must be termed *sui generis* at the very least.

There is no need to mention names, but there are ministers who, when questioned about the possibility that this could happen to them, that is to say that they too might be questioned in discussion sessions, answer simply that they would submit letters of resignation. Less because of the special advisers, obviously, than because of the postulate that they could be questioned and criticized by outside bodies, which are almost always inclined to criticize policies being implemented.

The explanation given by Sarney and passed on by his advisers is simple. It is not a question of diminishing the ministers or depriving them of their authority, but rather of strengthening the Presidency of the Republic and providing it with a better decision-making capacity. The government, he feels, will function better on the basis of these parameters. He does not accept status as a simple approbatory level, particularly because in his day-to-day activities, he sees the complete disorganization of the state administrative machinery. The supervisory role, that of following up decisions, needs to be pursued on a continuing basis.

Whether the government will function harmoniously with this new mechanism is an issue which must wait until later, and not just for the first 90 days in office, which in reality were not 90 but 40 days of routine operation. During the illness of Tancredo Neves, the Presidency of the Republic purposely marked time, with the ministers enjoined to initiate a minimum of activity. Until the funeral ceremony, with the nation suffering trauma, the conditions for beginning operation, which occurred immediately thereafter, did not exist.

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CSO: 3342/203

BRAZIL

JUSTICE MINISTER TO INITIATE REFORMS IN JULY

Sao Paulo O ESTADO DO SAO PAULO in Portuguese 21 Jun 85 p 3

[Text] Brasilia--Minister Fernando Lyra has drafted a list of dynamic activities in his ministry's sector for launching in July. They represent steps to be taken, and not just in an effort to demonstrate competence and rebut the criticisms of neglect, and they will be submitted to President Jose Sarney in the next few days for discussion and analysis.

They represent the main aspects of the plan of action of the minister of justice, including a broad reorganization of the Council for the Defense of Human Rights, which will in the future be focused on three main targets--electoral fraud, preconceptions based on race, class, color or age, and violence. With regard to the first mentioned, Lyra wants strict control established, beginning with the prefectoral elections this year, over the voting and ballot-counting processes, using mechanisms which would aid the electoral courts and prevent fraud. With regard to prejudices, he notes that unfortunately they abound, although they are unacceptable in our current situation. On the subject of violence, an intensive effort which has already brought together the secretaries for security of all the states and which has produced concrete measures, on the emergency level among others, for the improvement of the national penal system, is under way. The regional prosecutors' offices in the republic and the headquarters of the Brazilian News Agency will serve as the initial level for reports and complaints.

In the sector in which the National Narcotics Council, which will be headed by lawyer Tercio Lins e Silva, will function, there is a world of things to be done, the minister says. Although the federal police need 10,000 more agents at a minimum, steps are being taken to orient its activities toward dealing with drug crime on a priority basis. Mobile units will even be established throughout the Amazon basin, the region in which the most epadu, a plant which yields cocaine, is grown. A merciless battle will be waged against drug traffickers. The secretary general of the ministry, Jose Paulo Cavalcanti, has just returned from the United States. He obtained no promises, but did receive assurance that the government of the United States will collaborate in a material and objective way to combatting drug traffic in Brazil, since much of the Latin American cocaine production is earmarked for that country. The FBI will sign certain agreements with the federal police.

The Higher Censorship Council is being changed substantially, and the goals, consistent with the New Republic's commitment to freedom, are to be broad discussion and the complete elimination of political censorship. In practice there is no such censorship, but it is necessary to institutionalize this guideline.

Where the CONTRAN [National Traffic Council], which handles highway and traffic problems throughout the country, is concerned, Fernando Lyra favors simplification. For example, it will be suggested that all of the taxes and fees pertaining to cars and automotive vehicles be combined in a single fee to be paid at any bank branch. Safety is also a concern, to be dealt with in this case by decentralization, assigning greater authority to the state DETRANS [Traffic Departments].

The Penitentiary Council, which has already been activated in connection with the major effort to reduce violence, will seek to reorganize the status of the prisons and to find ways to make the inevitability of punishment, which in the modern era is not a question of amends for the past, but of safeguarding the future, clearer than ever. It will serve no good purpose to continue to spend rivers of money only to see the prisons converted into schools of robbery and crime. The bitter events in Belo Horizonte led the Ministry of Justice to approach the problem as a challenge.

The Administrative Council for Economic Defense (CADE) had 50 members, but it did not function. Its headquarters has just been transferred from Rio to Brasilia, and it is important that it be reactivated such as to provide a real tool for the defense of the popular economy. Some changes in the law and a great determination to limit excesses through example have become necessary.

On the legislative level, Lyra has already practically completed the drafts for the new Censorship Law, which will reduce the extent of state participation in artistic creation and political activity, and the new Law on Foreigners, which will debureaucratize the processes of becoming a citizen and remaining in the country, and will also curb corruption, which in the recent past has reached an unprecedented level. The legislation pertaining to urban usucaption, bankruptcy and composition and civil and criminal trials is also being altered. A text concerning the various interests in the ecological sector will be drafted.

In brief, what the minister of justice is seeking through a kind of dynamic package is to function within the limits of his sector and to contribute to the improvement of the regime within the parameters of the New Republic. He wants to do this parallel with his political action, which continues to be pursued in accordance with the guidelines and under the direction of Jose Sarney. This very day he will take the so-called independent left wing of the PMDB [Brazilian Democratic Movement Party] to lunch with Sarney at the Jaburu Palace. Those attending will include Francisco Pinto, Miguel Arraes, Alencar Furtado, Airton Soares, Joao Hermann and others, and they are expected to submit a list of proposals for collaboration with Jose Sarney on the political, economic and social levels.

BRAZIL

GENERAL CRUZ APPREHENSIVE OVER PERCEIVED LEFTIST TREND

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jun 85 p 2

[Excerpt] The New Republic is "a basket of cats" and mixing "cats, dogs, parrots and parakeets does not work," General Newton Cruz stated yesterday in Sao Paulo, where he appeared on the TV Culture program called "Perspective." The general believes that there is "a tendency to move the country toward the left on the part of the New Republic." "It suffices to read the list of individuals appointed by the new government to see what it is doing. I do not want to mention names, but the UNE [National Union of Students], the CONCLAT [National Conference of the Working Classes] and the CUT [Sole Central Organization of Workers] are going to be legalized right at the outset."

Admitting to being "a capitalist" and "definitely against leftism of any sort," Cruz ventured into the realm of definition. "A leftist is the 'black character' who seeks socialism, and I am opposed to socialism. I am a capitalist, we are all capitalists, according to the Constitution. I will define what the right wing is: it is the capitalist and authoritarian regime." And he denied that this has been the regime in effect in Brazil in the past 21 years. "The revolution always sought to create an open approach, and this happened basically because of the lack of discipline which was endemic in the armed forces." He further said that "if the SNI [National Service for Intelligence] had the strength it claimed, the revolution would not have ended as it did."

Newton Cruz denied any knowledge of the existence of a "fund" of 45 trillion cruzeiros created by businessmen to finance the election of constituent delegates. "You tell me where this fund is, about which I am speaking too. I know cannot tolerate this any more. They keep telling me about the fund. I know where it is. Are they creating it for the right wing? Am I not the guru of the right wing?" And he added that he would accept the assistance of businessmen in his campaign, "if they want to help me, consistent with my ideas and provided that I do not have to touch the money. While everyone else accepts, I should not? Show me one who does not accept." Moreover, he believes that he is granting a "favor" by accepting.

In his view, the legalization of the PCB [Brazilian Communist Party] is "a hasty action" which will create problems for the country. "The program of the PCB speaks calmly of priority for the labor forces. But our Constitution

speaks of harmony and solidarity among all the classes. The program also inveighs against U.S. imperialism. Now why U.S. imperialism? Because that of America is always wrong while that of the Soviet Union never is?"

If elected, however, he will be able to coexist with the communists in the Parliament. "I am very good at saying 'Your Excellency' and using the third person. I will handle it all very well. And we will have coexistence within the established rules. That is democracy."

The general further said that he felt he was done an "injustice" when he was passed over for army promotion, and he denied that he conspired to prevent the installation of Tancredo Neves as president of the republic.

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BRAZIL

FOREIGN EXCHANGE RESERVES TOTAL US\$8.4 BILLION IN MID-JUNE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jun 85 p 27

[Text] Brasilia--Brazil's foreign exchange reserves totaled US\$8.4 billion at the beginning of this week, Antonio Carlos Lemgruber, president of the Central Bank (BC), stated yesterday after meeting with Minister of Finance Francisco Dornelles. At the end of May, the reserves totaled about US\$8.2 billion, while the level in April was US\$7.7 billion. This steady increase in reserves, Lemgruber said, substantially increases the room for negotiating Brazil's foreign debt.

The president of the Central Bank explained that foreign exchange reserves are increasing because of the present tendency among Brazilian exporters to complete the foreign exchange operations in connection with export contracts in advance. Lemgruber commented that this trend exists because the level of foreign exchange devaluation is lower than the interest rates on the domestic market. In other words, exporters are inclined to convert their dollars into cruzeiros for subsequent placement on the financial market, which offers a good rate of return.

Concerning the possibility that the reserves will increase still further before the end of the month, Lemgruber said that "I would be very happy if June ended with US\$8.4 billion, a development which is expected to occur only 15 days from now." Concerning the need for the country to reduce interest payments on the foreign debt, which is running at about US\$10.9 billion this year, the president of the Central Bank said only that every possibility for negotiating with the creditor banks remains open, including a reduction in interest payments. But even so, he does not believe it would be in the interest of Brazil to put the possibility of reducing these payments during the balance of this year on the discussion table now.

This proposal has been constantly urged by certain government sectors, mainly by parliamentarians. Just yesterday, the leader of the PFL [Liberal Front Party] in the Senate, Carlos Chiarelli, urged a reduction of interest payments on the foreign debt this year by a third, during a lunch with Minister Francisco Dornelles. "Putting this proposal forth now might mean the loss of a good negotiating position with the creditor banks," Lemgruber stressed.

The president of the BC believes that the present level of foreign exchange reserves and the excellent trade balance prospects have created conditions favorable for negotiation and the subsequent drafting of a 16-year agreement with the banks. He believes that the proposed reduction in the payment of interest for this year "would put this possibility at risk."

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BRAZIL

BRIEFS

USSR INTEREST IN CULTURAL ACCORD--The Soviet Union is showing great interest in signing a cultural agreement with Brazil before 1985 ends. The Soviet proposal was submitted to the Itamarati Palace exactly 10 years ago, and has, according to a diplomatic source, been literally "shelved" during each intervening year. However, the Soviet government hopes that the subject "will be given greater attention now by the New Republic." The Soviets are even agreeable to the suggestion by certain Brazilian politicians that the undertaking be kept on the level of businessman-to-businessman dealings, because their real hope is that an initial phase will be launched now which can later be taken up by the governments themselves. This statement was made by George Assaturian, director of Art-Concert, the Armenian philharmonic organization. "The lack of a cultural agreement between the two countries makes it difficult for Soviet performers to come to Brazil, and when they do, the problems in making arrangements make the performances expensive, keeping a large part of the Brazilian public away, Assaturian said, and Armenian Vice Minister of Culture Silva Mekinhan agreed. She is accompanying the State Popular Dance Troupe of the Soviet Socialist Republic of Armenia, which has already appeared in five Brazilian states and is at present in Brasilia. Given the limited support from the Brazilian government for the entry of Soviet performers, the solution George Assaturian advocates "should come from businessmen themselves." In the view of the director of the Armenian performing and philharmonic organization, "halls which will hold larger audiences should be provided and tickets should be priced lower, such as to make it possible to popularize performances." With the signing of the cultural agreement, the Soviet government, through its embassy, will be in a better position to finance the trips by performing groups, obtaining a large part of the funds to cover costs from businessmen, which will certainly make the performances cheaper and more accessible to the public. [Text] [Brasilia CORREIO BRASILIENSE in Portuguese 2 Jun 85 p 17] 5157

CSO: 3342/203

CHILE

VALDES ANALYZES RESULTS OF IMPOSITION OF STATE OF SIEGE

Santiago HOY in Spanish 24 Jun 85 pp 13-14

[Interview with Gabriel Valdes; date and place not specified]

[Text] As far as Gabriel Valdes is concerned, the bottom line on developments in recent years is this: "There is a growing feeling, even in the sectors that were the most atomized and the most fearful of change, that freedom and democracy can be organized."

In his judgment, 7 and 1/2 months of martial law did not defuse these sentiments. The effects of the lengthy period of restrictions were varied and complex. When HOY asked Gabriel Valdes last week to identify the areas hardest hit by martial law, he had no doubts:

[Valdes] The state of siege fell very heavily on the low-income segments. The first wideranging, sweeping measures were taken against those segments, the operations that we all remember, in a bid to eliminate pockets of resistance or protest. Secondly, the public's interest in learning of national and international developments plummeted during this period. The intellectual curiosity of Chileans has waned.

[Question] And do you think that this phenomenon will be easy to reverse?

[Answer] I think so. Martial law was becoming psychologically intolerable. I have even noticed this among people who back the government, because in the end the state of siege was turned upside down: that is to say, it initially applied to the citizenry and wound up being a siege of the regime.

By definition, martial law is a vehicle for coping with a specific situation. But it was imposed here as a means of quelling mounting social protest. And it did, but it did not channel the protest. During the state of siege the government did nothing to channel the

protests that were voiced then for reasons that still exist now. The same motives exist 6 months later, and I would say that they are even stronger. There is no new political blueprint, no opening, and economic conditions, the backdrop to all this, are worse now. We need only read the statements by Ernesto Ayala. According to the published indicators, the next 6 months are going to be awful.

Compounding this is a development that we consider unacceptable. The private foreign debt used to make up 65 percent of the total debt. Today, it accounts for just 35 percent because the State took over the remainder, and now we Chileans are all forced to pay back the private debt.

[Question] That mortgages our future...

[Answer] Absolutely right. We are going to be subjected to savage controls until 1995.

[Question] And how can this situation be remedied?

[Answer] Well, the only way out is the one that has been talked about so often. I agree with Angel Fantuzzi, for example, when he says that we have to spur production through tariffs, incentives, a realistic dollar exchange rate. We have to create the conditions for supplying the country. If we do not have confidence in the ability of Chilean businessmen, it does us no good to continue abiding by the wishes of the IMF. We have to have an in-depth discussion here about the country's sovereignty and the IMF. We have been subjugated to it.

[Question] But given the complexity of the situation, this entails...

[Answer] ...a major social pact. No country can get out of a situation like this without a very earnest effort at accomodation directed by the State and including labor and management. The ultimate objective is to provide jobs.

[Question] Could such an accomodation be initiated without the State?

[Answer] Well, that would be difficult because the State has to assume its functions. It must not fail to employ all of its economic policy tools: tax, loan, tariff incentives, etc. The macroeconomic model that is now being applied has failed in all countries, and the only reason we have it here in Chile is because we are under an authoritarian government.

[Question] But couldn't such a social accomodation be achieved gradually by shifting the problem to the political arena?

[Answer] Some work has already been done in the institutes. The response of both labor and management at these meetings has been very positive.

The problem is that you cannot talk of a social pact when there is extremely high unemployment (25 to 28 percent), with programs like the PEM [Minimum Employment Program] and the POJH [Jobs Program for Heads of Household], which are policies of impoverishment, not reactivation. There have been some beneficial attempts at economic recovery here. For example, Minister Manuel Martin's involvement in agriculture. But he was fought bitterly by the orthodoxy and left. And today the farmers have to defend themselves from the orthodoxy.

If we continue along our current path, the protests are going to keep on mounting. Our professional associations are overwhelmingly on the side of the opposition, and this clearly reflects all of the unmet demands for legitimate channels of expression in a civilian society that has no way of organizing itself. If there were general elections today, the people would want a broad national accord. But our view is that there can be no accord around General Pinochet and the constitution. So this has to be changed. Constitutions are there to serve countries, not vice-versa. The Sabbath is made for man, not man for the Sabbath.

Historically speaking, the worst part of this experience for Chile (after the human rights problem) has been the attempt to introduce a new scale of values that makes work a result of having money and that makes success the highest goal. The role model in Chile used to be the professor, the great politician, the artist, the businessman who had worked hard, the miner, but never the fellow who made easy money. Money was not a requirement for social prestige in Chile. In a country like ours, keeping spiritual and intellectual values preeminent is essential to coexistence, respectability and internal order in our society.

[Question] In other words, there are three sides (political, economic and moral) to an accommodation plan. How can one be put together in practice?

[Answer] Well, the accommodation that we are seeking is as broad-based an accord as possible on objectives that have very little to do with ideology. There are two reasons for this. First, to avoid bringing in the programs or ideologies of each sector. Second, to restore confidence in and create a consensus on such fundamental points as fighting for total freedom of the press, complete freedom of assembly and whatever political activity is necessary to create conditions for unity. People have forgotten here that the main actor in the struggle against violence and terrorism has to be public opinion, through government institutions such as the courts, which must be tough, and the police, which must operate aboveboard.

[Question] Do you mean by this that martial law...?

[Answer] It aggravated the lack of confidence. Terrorism persisted; the worst sort of crimes were committed, and the government is still not able, with all of the provisions of martial law at its disposal, to identify and find the people responsible. So, martial law was of absolutely no use. It was an interruption that put the country on ice, and the country is more convinced today than ever that states of emergency do not resolve either political or economic problems or defuse social tensions.

Experience shows that it was not just useless; it was harmful, because the passage of time militates against reconciliation and bringing Chileans together again in a major production effort.

[Question] And what was the impact on the opposition?

[Answer] Well, our normal activities ground to a halt. Those of us who engage in peaceful politics employ words. If this possibility is closed off, then out-and-out violence is encouraged. So our activities have come to a standstill. We have made use of the time, though. We have democratized; a lot of young people have taken on internal responsibilities; we have held very wideranging and productive discussions, and I can say that we are stronger, more united and more broad-based than before.

[Question] I asked you this because there are those who say that the state of siege also pointed up the weaknesses in the opposition's organization.

[Answer] Of course, in the sense that the opposition is not suited to the underground. We don't want that, because the underground is necessarily subversive. It has brought out shortcomings, naturally, in the sense that no further headway has been made in achieving an understanding among the different sectors, because discussion, which does not mean divisiveness, is necessary. But we are looking for the gateway to an accord, and the meeting chaired by Carmen Saez was extremely positive in this regard.

[Question] The gathering was described as an occasion to analyze the national situation. Would you say that there was a consensus on an assessment?

[Answer] Of course. I have described it as a landmark in our move towards reconciliation, after so many years of excluding each other in Chile.

The bishops have called for reconciliation, and we greeted their words with respect. We are seeking a reconciliation so that all Chileans can exercise their basic freedoms, including the freedom to decide on their forms of coexistence.

[Question] And was there any positive side politically to the state of siege? I ask you this because groups that were very far apart from the opposition seem to have drawn closer to it around this opposition to martial law...

[Answer] Yes. They found common ground. There is no doubt about that. People on both sides have realized that they have to abandon their strategies to seek a broad accord.

Now then, we obviously have affinities with certain well-known groups and we have a special relationship with democratic socialism, with its socialist, social democratic and radical factions.

Our strength will hinge on the extent of the agreements we can achieve within civilian society, so that we can make the Armed Forces realize that this experiment has come to an end. This is first a question of moral force, then of civic force and, if they push us farther, of an operative force.

[Question] Minister Cuadra has said that the state of siege was lifted not because of external or internal pressures but because the government noted a more reflective attitude among the citizenry.

[Answer] I think it is the government that has become more reflective, and not all that voluntarily. It has realized the futility of this all-out state of siege, first in dealing with violence, second in gaining support, and third given the resistance and opposition of the entire world community, the United States in particular.

[Question] But at the same time there are new measures.

[Answer] That is regrettable. I thought that the government lifted the state of siege because it really wanted a broad liberalization. Yet the very next day it imposed particularly irritating restrictions that place political news stories in the same category as news stories on terrorism. They were compounded by a proclamation banning political gatherings, which is even more annoying and which annuls the positive effect of the end of martial law.

[Question] And what do you think the underlying purpose of all this is?

[Answer] The purpose is to preserve a state of political silence until 1989 and beyond. There is no doubt about it: they are not preparing for changes in current conditions.

[Question] For now there are at least two civilian-accord initiatives: the proposal for a "civic front" and the proposal for "democratic intransigence."

[Answer] I don't think that "democratic intransigence" is a practical prescription. We oppose it, as have other movements. We are intransigent about seeking democracy and having the people establish their own laws. But we do not agree with the sort of intransigence that aims at a collapse of the regime and rejects negotiation. We feel that there comes a point when we have to discuss conditions and a transfer, but this takes time because it has to be done in an orderly, peaceful manner. This is where we disagree with those who proclaim themselves intransigents.

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CHILE

MAGAZINE EDITOR SAYS CENSORSHIP REMAINS IN EFFECT

Santiago HOY in Spanish 24 Jun 85 p 5

[Commentary by Emilio Filippi: "The Country Remains Under Interdiction"]

[Text] For a week now Chile has no longer been governed by the martial law that was imposed on 6 November 1984. As an immediate consequence, six publications that had been suspended have reappeared, and our magazine is no longer subject to prior censorship.

Strictly speaking, this has been the only major change in the shift from martial law to a state of emergency. Consequently, all of the emergency measures that General Pinochet's government has imposed for practically 2 years now are still in effect, though the restrictions on the press have been spelled out somewhat more clearly.

As the country knows, the Executive Branch has ruled in a decree what specific issues cannot be reported on. And since the provisions of the decree are specific and relate to other regulations that establish the penalties for violations, the country ought to know that the restrictions entail fines of up to 12 million pesos for the first violation and double that amount in the event of a second offense. Cases, of course, must be brought before the courts, and so at this point the mass media are pinning their hopes basically on the impartiality and integrity of judges and on the protection that they can provide for the freedom of expression. So be it.

In the event a defendant is found guilty, however, he must pay the indicated amount of the fine or, if he is unable to afford it, go to jail.

Things are not as simple as they seem. Someone will say that if a person wishes to avoid bother, he should simply refrain from publishing what the government forbids. Well then, the restrictive decree indicates the subjects on which it is prohibited to report: acts of terrorism; violent acts or the individuals who promote such acts; the activities of parties or groups that the Constitution of 1980 regards as illegal (that is, those that profess ideas that run counter to the family and that promote the class struggle, among other things), and news stories on party politics.

In other words, the country will once again be prevented from knowing what is actually happening around it. Furthermore, individuals and groups that are acting in defense of their ideas will be left out of national life, and such ideas, whether they are legally recognized or not, represent major schools of thought.

Aside from this, two states of emergency remain in effect in the country, and in various ways they infringe on the rights of individuals. As we have said time and again, under such states of emergency Chileans are treated like under-age children, a situation that is clearly ill-suited to establishing a permanent, stable democracy in Chile in the medium term.

Although government spokesmen have said that there have been lengthy periods of emergency in Chile before, we would do well to remind them that never in our country's history has there been a longer such period, inasmuch as at no time during the current regime have the Chilean people ceased to be governed by emergency laws. The fact is that the emergency has become the accepted rule, the government's standard operating procedure. We have therefore reiterated over and over that neither the Executive Branch nor the country knows for a fact whether the regime is or is not capable of governing Chileans under conditions of full rights for all.

Moreover, it is regrettable how slowly the so-called political laws are being studied, restudied and issued. The people seriously suspect that there is not much interest in promoting the transition and enabling the country to become involved in decision-making about its future. How are we going to attain our sought-after democracy if citizen involvement is precluded, if the citizenry is scorned and regarded as unworthy of knowing the facts and of taking part in forging its future?

The current legislative system has not functioned in the manner that was announced, that is to say, working hard and openly to issue well-thought-out laws but, at the same time, bearing in mind the country's real needs. And what Chileans want right now is greater freedom, direct involvement in setting courses and a clear look at suitable options. This is urgent. The point is not to find a way to put things off. Legislation and a move forward are indispensable now to assure national coexistence, to achieve the reconciliation of which the Catholic bishops speak and to bring about a rapprochement among all Chileans so that we can together meet the challenges of hope.

8743
CSO: 3348/760

CHILE

REGIONAL COUNCIL FUNCTIONS PROPOSED IN DRAFT BILL

Santiago EL MERCURIO in Spanish 24 Jun 85 p A-8

[Text] The COREDES [Regional Development Councils] will have important prerogatives with respect to the budget granted to different areas of the country and the appointment of mayors.

This is in the draft bill that the Council of State is now studying. It was sent to them by President Pinochet and was written after the intendants from all over the country submitted their viewpoints on the matter to the Ministry of Interior.

The text which contains 19 articles states that the basic objective of the COREDES is to advise the intendant, promote community participation in the economic, social and cultural progress of the region and exercise the prerogatives established in the law.

It also states that the COREDES must agree on the budget for the zone and any modifications. This budget will consist of resources from the FNDR [National Fund for Regional Development] and the resources that the national Budget Law allocates for sectorial investments.

The COREDES must also appoint local representatives to the CES [Economic and Social Council], an advisory organism of the Executive Branch, and will decide which community organizations and major sectors in each community will have the right to participate in the appointment of representatives to the CODECO [Community Development Council].

It will also have the prerogative of resolving conflicts between the mayor and the CODECO "concerning approval of the projects in the community development plan, the municipal budget and all cases in which the law requires the agreement of CODECO."

The bill provides that the COREDE will be authorized to recommend priorities to carry out specific programs and projects, to study the annual report that must be presented to the respective intendant on the execution of the regional development plan and area budget and to issue an opinion on it.

Members

The bill being studied by the Council of State stipulates that the COREDE will be made up by the governors of the respective provinces, the military chief of each branch of the Armed Forces and the Carabineros based in the region, five representatives from the public sector appointed by the regional authority from among the top leaders of the main state economic, social and cultural organizations and delegates from the main private organizations in the business, labor, professional, cultural, social and economic development sectors. These last delegates must equal 60 percent of the total number of members on the council.

Private Sectors

The main private sectors will be determined by a resolution by the National Institute of Statistics which will make its decision based on considerations like the contributions of the sector to the Gross Geographic Product of the area, type and amount of investments made, level of production and number of businessmen affiliated with labor associations, importance of the professional activities carried out in the region and number of members registered in the professional associations and the number of workers in the zone under the social security systems and in the various unions.

7717

CSO: 3348/759

CHILE

DUTIES OF MAYORS, COUNCILS PRESCRIBED IN DRAFT BILL

Santiago EL MERCURIO in Spanish 24 Jun 85 pp A-1, A-8

[Text] One of the priority tasks of the mayors will be to draw up the community development plan and the necessary programs to carry it out as well as the financial and municipal budget guidelines. These must be submitted for the approval of the CODECOS [Community Development Councils].

The municipal authorities will also have to submit a draft governing plan as well as internal organization of the municipality for the consideration of these organizations.

These are some of the 21 specific prerogatives of mayors in the draft Constitutional Organic Law for Municipalities and CODECOS that is now being analyzed by the Council of State at the express request of President Pinochet.

The bill has 32 permanent articles and 2 transitory provisions. It states that the mayor is the top authority of the municipality and the president of the CODECO.

It also reveals that he will be appointed by the respective COREDE [Regional Development Council] after the pertinent CODECO proposes a slate of three. He will be in office for 4 years and can be appointed for successive periods.

The three people nominated for mayor will be the ones who win the largest majorities in a special session that will be held within 30 days after the installation of the CODECO. At least two-thirds of its active members must be present.

However, the bill explains that it will correspond exclusively to the president of the republic to appoint the mayors in the communities of Valparaiso, Vina del Mar and Concepcion.

Duties of the Mayor

Article 14 of the bill states that the mayor will, among other duties, direct, organize and supervise the functioning of the municipality, represent it legally and extrajudicially, appoint and remove personnel based on the applicable norms and with the consultation of CODECO and administer the financial resources.

He also administers municipal and national public assets that belong to the community, buys and sells realty, grants, renews or takes away licenses and concessions in accord with CODECO and grants or terminates subsidies and contributions to private natural or legal persons.

It states that the mayor can also create private nonprofit corporations for the fulfillment of specific missions with the agreement of CODECO and dictate resolutions, carry out acts and sign the necessary contracts for the proper fulfillment of the duties of the municipality.

Other prerogatives of the mayor include coordinating the operations of the municipality with existing public services in the community, coordinating actions with other state organizations or with private natural or legal persons in accord with the law being analyzed, attending to the needs of the local community and promoting its participation in economic, social and cultural progress.

It also states that the mayor can, with the agreement of the CODECO, delegate some of his powers to officials under him or to delegates appointed in accord with the law.

He is also authorized to convoke and preside over the CODECO, propose the removal of members of the community organization to COREDE and report annually to CODECO on his administration and the progress of the municipality. He will also present the balance of the budget and a statement of the financial situation.

Municipalities

The bill stipulates that the municipalities are public corporations with their own legal personality and assets under the administration of each community or group of communities as determined by the law "designed to meet the needs of the local community and insure its participation in the economic, social and cultural progress of the area."

The responsibilities of these entities include the formulation and execution of the community development plan and the programs necessary for its fulfillment, the elaboration and execution of the financial plan and the municipal budget, the administration of municipal and national public assets in the community--except for the powers that pertain to other state organizations--and the cleanliness and beautification of the community.

They also include the application of norms on public transportation and transit in the area as well as those referring to construction and urban development, urban planning and regulation of the community. This includes naming the streets, numbering the buildings, establishing green areas, placing signs and adopting the appropriate measures for this and the promotion of community development. They must work toward the formation and functioning of organizations for this objective.

CODECOS

The bill that is being studied by the Council of State states that there will be a CODECO in each municipality. Its objective is to advise the mayor, promote the participation of the community in the economic, social and cultural progress of the area and exercise the powers determined by law.

It states that the CODECO will have four members in communities or groups of communities with up to 5,000 inhabitants. This will increase to eight members when the population is between 5,000 and 30,000.

The organization will have 12 members in communities with between 30,000 and 80,000 inhabitants and between 80,000 and 150,000 inhabitants.

This council will be made up of representatives from territorial community organizations, functional community organizations and the major sectors of each community.

Territorial community organizations are defined as "those nonprofit legal persons like Neighborhood Councils, Progress Committees, Owners Associations, Indian Community Councils and Irrigators Organizations through which the residents are organized to promote the interests of the members in the territory and to collaborate with state and municipal authorities."

The functional community organizations are those that are recognized by COREDE and have the objective of representing and promoting specific values of the community within the territory including Mothers Centers, Fathers and Guardians Centers, Cultural and Artistic Centers, Lion and Rotary Clubs, Technological Transfer Groups, Private Volunteer Organizations, Sports and Recreation Clubs, Youth Organizations and others that promote community participation in social and cultural development.

Major sectors will be those that contribute to some extent to economic development and are considered major by COREDE.

In order to make this evaluation, COREDE must consider the volume of production of goods and services, the levels of employment generated, tax payments and collections and the amount of investments made in the community.

7717
CSO: 3348/759

CHILE

NEW DEBT-WAGE INDEX ALLOWS ADJUSTABLE MORTGAGE PAYMENTS

Santiago EL MERCURIO in Spanish 23 Jun 85 p A-1

[Excerpt] The minister of housing and urbanization, Miguel Angel Poduje, said yesterday that the CIR [Debt-Wage Index] will be a new indexing system that can be applied both to mortgages as well as to the different savings and credit formulas in the country.

The minister held a press conference yesterday to explain operational aspects of the new adjustment unit. He stressed that the CIR includes the evolution of wages based on moving averages in accord with the monthly index set by the National Institute of Statistics. He added that President Pinochet yesterday ordered the studies of the bill accelerated in order to put it into effect soon.

He indicated that the CIR gives the debtor expectations that the adjustability of his debt will be more consistent with his debt situation. He added that the effects of this new adjustment unit on savings will be compensated for through a state subsidy.

He said that the difference between the change in the CIR and the UF [Development Unit] will be paid to the financial institutions by the Treasury Service. He added: "In the future--and there is historical behavior that demonstrates this--when the CIR is higher than the IPC [Consumer Price Index] or the UF, the favorable difference will go back to the Treasury to compensate for that period when the difference was subsidized."

He reported that all the obligations agreed on by the financial system or by private parties can also be expressed through the CIR "which is a new way to express a debt. We are convinced that both savings and credits must be indexed."

7717
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CHILE

CARDOEN PROPOSES BUILDING DUAL-PURPOSE HELICOPTER

Santiago EL MERCURIO in Spanish 24 Jun 85 p C-1

[Text] A private national plant plans to manufacture a two-engine helicopter in our country which can be used for combat or for rescue and transportation.

This project involves modification of a German or French plane. This will be done based on "the strategic needs and economic possibilities of the Third World countries." The type of plane has not been determined. A decision will be made soon and the respective franchises paid.

This information was provided by Carlos Cardoen whose firm produces the 500-pound cluster bomb and other products for the Ministry of Defense.

Cardoen has just returned from the 36th Aeronautics and Space Exposition held in Le Bourget, Paris. He said he exhibited the prototypes of a 1,000-pound cluster bomb, thus expanding the manufacture of 500-pound bombs that have already been exported.

He revealed that the idea is to incorporate "the same philosophy we use in the manufacture of materiel already produced in the country." In other words, it is necessary to create products to satisfy the strategic requirements of Third World countries that have economic limitations, using known products.

He added that there are only combat helicopters, "tremendously sophisticated and expensive, on one side, and civilian helicopters with a machine gun in the door which makes them vulnerable. There is no helicopter between these two extremes that performs both functions efficiently."

In his opinion, a developed country can have the luxury of using an airplane exclusively for combat. However, a Third World country might have an emergency, a disaster or the need to use the helicopter for rescue at any time. Of course, it cannot have a fleet only for war purposes.

7717
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COLOMBIA

FARM GROUP SAYS GOVERNMENT POLICY LEADING TO BANKRUPTCY

Bogota EL ESPECTADOR in Spanish 29 Jun 85 p 5-A

[Text] The country's farmers have accused the government of destroying their already limited bargaining power with middlemen who they doubt pass on the lower prices to consumers. The farmers recalled that the Betancur administration refused to rescue potato farmers from their enormous losses last year, when state action could have prevented the tremendous jump in prices that took place during the first half of this year. They claimed that the highly publicized changes in the import system reduce protection of national agriculture and livestock products.

The president of the Association of Colombian Farmers (SAC), Carlos Ossa Escobar, asserted that despite the efforts of the Agriculture Ministry, the rest of the government's economic cabinet appears to be unaware of how important it is to provide decisive support for food production and the agriculture and livestock sector in general.

Timid Measures

The association leader contended that the measures taken by the government recently to stabilize food prices were taken too late, and even at that, they are timid. Referring to the controls imposed on the prices of some foods, he expressed concern about the negative impact on the price paid to the farmer, above all because the decisions were made during the harvest.

Eliminate Taxes

Ossa Escobar asked the government about all the taxes and fees that are dragging down production and productivity in the agriculture and livestock sector. He proposed that a bill be introduced to eliminate the 8 percent tax on imported agricultural inputs and machinery, and the value added tax on machinery.

With regard to the change in the import system, he noted disparagingly that most of the import facilities were granted to finished food products, while the treatment accorded the raw materials and capital goods necessary for agricultural and food production was quite modest.

Declining Credit

Ossa Escobar, a former vice-minister of agriculture, stressed that credit from the usual sources at the Farm Loan Bank and the Agriculture and Livestock Finance Fund is drying up. He pointed out that there has been a decline in wheat plantings.

He indicated that the SAC is extremely distressed at the establishment of price controls for foods such as chocolate, oils, milk, beans, peas, and pre-cooked corn flour, and at the marketing of imported goods such as sorghum, which arrive late in the season when the national harvest is already being placed on the market.

Retreat

He concluded by saying that this situation indicates that the government has retreated in its decision-making, and this will lead to a sharper drop in prices to the producer, particularly the poorest and most defenseless farmers who grow crops such as beans, corn and peas. These farmers have already been hit hard by the high costs of production.

8926

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COLOMBIA

FORMER PRESIDENT PRESENTS ECONOMIC, SOCIAL ANALYSIS

Bogota EL ESPECTADOR in Spanish 30 Jun 85 p 10-A

[Text] Former President Carlos Lleras' publishing house, Nueva Frontera, has released the first installment of "El estado economico y social de Colombia" (The Economic and Social Situation in Colombia). Here is the text of the report:

In the 7 June edition of L'EXPRESS this year, Raymond Barre published a study on the economic and social situation of France, presenting the results of the socialist government's efforts 4 years after its electoral victory. This study is remarkable for its objectivity and the clarity with which it presents statistics and explains changes that have taken place. With the help of my colleagues at Nueva Frontera, I will attempt to present a similar report here on the economic and social situation in Colombia.

The Gross Domestic Product figures, which represent the value of all goods and services produced in a given year, have been rising constantly, both in current pesos and in constant 1975 pesos. This growth has been invariably higher than the population growth rate. There are considerable differences in the year-to-year figures in the period in question, however, and the same goes for the different categories of production and services. With regard to agriculture and livestock production, forestry, hunting and fishing, the growth rate was constantly higher than the population growth rate through 1981. In 1982 there was a negative growth rate (1.2 percent); between 1982 and 1983 the rise was weak (from 1.8 to 1.9 percent), falling short of the population growth rate. The largest increment during this period was seen in 1978, and was attributed to the planting of new lands in coffee and the introduction of more productive varieties. It is reasonable to conclude that the slump in the agriculture and livestock sector from 1982 on reflects the lack of a firm policy, as well as the negative factors of uncertainty in the rural sector and occasional poor harvests. The fact that food had to be imported corroborates this conclusion, and the impact of these imports on the balance of trade is worth noting. The "unbearably high cost of living" that we have remarked upon in these columns is due primarily to this weakness in agriculture and livestock production, since the cost of living indices show that the rise in food prices has been greater than that of the other products that are taken into account to compile these statistics.

The indices corresponding to industrial production reveal drastic changes. The major growth experienced in 1978 and 1979 (10.0 and 6.2 percent, respectively) was without a doubt influenced by the amount of coffee that was processed. The rate of growth fell sharply in 1980 (1.2 percent), and became negative in the two following years (-2.6 and -1.5 percent). There was a slight comeback in 1983 (0.05 percent), but things did not begin to pick up until 1984, when the growth rate reached 6.3 percent. These indices must be a partial reflection of the variations in the value of imported goods and services, and therefore of the policy pursued with regard to foreign trade. The sharpest increase in imports took place between 1979 and 1982; then imports began to decline slightly in 1983, and more rapidly in 1984. In the latter year, the figure was below that of 1979 (US \$3.982 billion compared to US \$4.629 billion), of the last year mentioned.

Undoubtedly, the obviously excessive consumer goods imports generated significant competition for the industrial sector, while the lack of a strong agriculture policy made it necessary to import this kind of product. If, as it appears logical to conclude, high manufacturing imports led to the slump in national production in this sector, the necessary correction--because this trend also translated into a steep decline in international reserves, \$739 million from 1981 to 1982 and another drop of \$1.812 billion between 1982 and 1983--came too late. We should add that this downward trend continued into 1984, with a fall of \$1.283 billion. Looking at these figures, we see that the previous administration's foreign trade and agriculture policies were unwise; but we must also wonder what role was played by the infamous "joint commissions" that were supposed to pave the way for immediate action by the new administration. Did they merit President Betancur's attention, or did he fail to give due consideration to the figures that were supposed to be provided, and decide that it was unnecessary to make immediate rectifications in the policies that were being followed?

As we have already noted, since 1975 the GDP has risen at a rate higher than the population growth rate, both in current pesos and constant pesos; but this fact cannot be attributed to the development of the agriculture and livestock sector or to that of industry, except in 1984 in the latter case. The financial sector, on the other hand, did play a preponderant role; its average growth rate between 1975 and 1981 was 8.5 percent, higher than that of the total GDP. This phenomenon merits a detailed analysis, which should begin with the time during the Pastrana administration when Ordinal 14, Article 120 of the Constitution was first used--without justification, in my estimation--to introduce the UPAC [expansion unknown] system and to create the Savings and Housing Corporations. It should also include the scope of the financial reforms implemented by the Lopez Michelsen administration in 1974. If the growth of the financial sector had been reflected in a parallel growth in the agriculture and livestock and industrial sectors, it would have been considered only natural and beneficial; but as the aforementioned figures indicate, such was not the case.

There is one aspect of this issue that should be studied further. A recent study that I have not yet obtained, and that would be worth analyzing in detail, according to information that has reached me, makes a comparison of the sizes of Latin American banking establishments. It concludes that the

capital of each of our banking institutions is very limited in comparison with those of other countries, with the sole exception of Bolivia. Thus, in order to obtain major financing, it is necessary to resort to many different banks. On the other hand, there are a large number of credit institutions, which entails high administrative costs and a competition that has had a negative impact on interest rates.

Another sector that has had a considerable influence on GDP figures for the period in question is the construction sector (private and public works). An examination of the respective statistics reveals considerable changes from one year to the next, and it is clear that such sharp fluctuations produce undesirable imbalances in the economic process. In 1972 this sector grew by 6.3 percent; in 1973, when the UPAC system began to take shape with surprising speed, thanks to exceptional tax breaks and the monetary correction equivalent to the total growth in the cost of living index (which has been corrected again since), the growth rate jumped sharply to 20.7 percent. At the same time, the economy as a whole grew by just 6.7 percent, and the next year that growth rate fell to 5.7 percent. The idea that a major boost to the construction industry would lead to rapid development in the other sectors (Operation Colombia) was not confirmed in practice. As this failure was accepted, a complementary program called the "Four Strategies" was formulated. One of these strategies, that of promoting exports, had actually begun years earlier, with the provisions of Decree 444 of 1967. Later it was observed that the agriculture and livestock sector grew no faster than the population. Unfortunately, there are no figures on the variations in productivity; there are certainly some studies on this, however, and I will try to make use of them in subsequent analyses.

The rise in income corresponding to construction (unfortunately, the statistics do not break down the information to isolate public works) plummeted after having soared from 6.3 percent in 1972 to 20.7 percent in 1973. By 1974, this figure was 15.3 percent. The growth figures became negative in 1974 (-10.0 percent). They recovered in 1976 and 1977 (8.9 and 8.1 percent, respectively), and then became negative again in 1978 and 1979 (-2.5 and -0.1 percent). There was a relatively significant upswing in 1980 (14.6 percent), falling off again in 1981 (7.1 percent). Paradoxically, the figures were lowest when it was announced that the strategy of urban construction of housing without downpayments was being resumed (4.0 percent in 1982, 5.1 percent in 1983 and 4.7 percent in 1984). As has already been noted, the industrial sector showed positive growth only in 1984, after some very low or negative figures in the previous 4 years; the shutting off of imports and the control of smuggling undoubtedly influenced that turnaround more than any other factor.

Without going into detail, for the present, on the growth of the GDP as a whole and by sector (I will discuss some aspects later), I would like to make some initial observations about trends in the participation of the labor force, its remuneration, and unemployment.

Without forgetting that the growth rate of the Colombian population has fallen off from the extremely high levels that prevailed until relatively recently, and that this problem was aggravating the country's social situation and

limiting its potential for self-sufficiency (the demographic growth rate had reached 3.2 percent a year), we should point out the very important increase in the size of the workforce as a percentage of the population as a whole. In 1970 that figure was 29.5 percent, and it has grown steadily in the meantime, to reach 41.7 percent in 1984. Lamentably, this rise in manpower has been accompanied by a constant increase in unemployment. From 1970 to 1982 the number of unemployed workers went from 7.5 to 9.2 percent of the workforce, and since the latter year the rate of increase in the number of jobless workers has accelerated, reaching 13.1 percent in 1984.

In contrast, the average wage index at constant prices (legal minimum wage) shows that income has not been damaged, with the exception of a few years. Using 1971 as the base of 100, we see, however, that after the sharp drop in 1973 (from 106 to 91.8), the following years showed a recovery (105.4 and 107.6). Once again, the minimum wage deteriorated in 1976 and 1977 (103.2 and 104.7, respectively), and since then the indices have risen constantly, as this chart shows:

1978:	118.7	1982:	138.9
1979:	131.2	1983:	144.9
1980:	134.7	1984:	152.4
1981:	133.2		

In the next installment to be published by Nueva Frontera, we will compare the changes in the legal minimum wage as a whole with those corresponding to industrial, construction, petroleum and agriculture workers, as a continuation of this schematic description of the social and economic situation in Colombia.

8926
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CUBA

H. PEREZ AT SDPE PLENARY ON NON-IMPLEMENTATION OF GUIDELINES

Havana GRANMA in Spanish 27 May 85 pp 1, 2

[Article by Jose M. Norniella]

[Text] "As of this plenary we must all begin working hard to eradicate our mistakes, shortcomings and violations and to do our bit in solving the problems that we have examined at this plenary. We will thus be making solid and tenacious progress towards the Third Congress along the path of greater economic efficiency, which is the single ultimate goal of the Economic Management and Planning System (SDPE). We will thus also be contributing to victory in this economic war of the entire nation to which Comrade Fidel has called us."

These were the words of Humberto Perez, an alternate member of the Politburo, as he closed the plenary of the Fourth National Checkup on the SDPE on Saturday. It met for 2 days at the Higher Institute of Economic Management in this capital.

The plenary session was also presided over by Guillermo Garcia, Sergio de Valle and Osmany Cienfuegos (members of the Politburo), Jose Ramirez (alternate member of the Politburo) and other party and government leaders.

The reports of the six committees into which the session's work was divided were approved on the final day. The reports include some 190 recommendations on how to improve the mechanisms of the SDPE.

Humberto Perez said that in coming up with their findings the committees and the plenary relied on all the local-level spadework done prior to this checkup. He added that the findings would be a decisive contribution to the work that the subcommittee appointed by the party's Politburo would be engaged in. The subcommittee is charged with writing up the draft resolution on the SDPE that will be submitted to the Third Congress, which will formulate the economic management policy for the next 5-year period.

Work Being Done on Many Problems Raised at Plenary

He indicated that work is currently being done on many of the issues raised at the plenary, in accordance with the guidelines of Comrade Fidel and under the leadership of the Central Group that was set up late last year.

Regarding the checkup process, he said that two different approaches have been taken in conducting a detailed and critical examination of the degree to which the SDPE is being implemented. An attempt has been made to identify which of the failures and shortcomings are due to the very design of the mechanisms or to their obsolescence and which are due to the instances of indiscipline or to the violations detected in implementing it.

At the same time, an attempt has been made to find solutions to these shortcomings.

Humberto Perez said that he could have devoted part of his speech to listing the accomplishments and gains since the implementation of the SDPE in 1977 and to discussing its contribution to economic development and greater economic efficiency. Such gains are reflected in the various indicators of how we are using human and material resources ever more rationally. Such a list was not the purpose of this plenary, however. It was intended as a self-critical examination of the mistakes that have been committed and of the shortcomings and inadequacies that exist in the SDPE, so that ways of overcoming them could be proposed.

He then gave a rundown of the problems that were discussed in the planning, technical-material supply and consumer goods, finance, work organization, wages and incentives, management organization, and registry and control committees. Their reports mention more than 150 major problems to be resolved.

Abuse of Material Indicators a Big Problem

After mentioning the salient points of the debates in the working committees (the delegates to the National SDPE Checkup gave more than 400 speeches), Perez said that he wanted "to highlight one of the main shortcomings that, in our judgment, has been around all these years and still is."

"We have been implementing an SDPE that is based on economic accountability, on the financial self-management of enterprises and that, therefore, accords top priority to monetary, commercial and financial mechanisms and categories. This has taken hold, however, merely in the intellectual arena, in the realm of ideas and declarations of principles, and not enough in everyday economic practices. The SDPE has been in operation superficially to a great extent," Humberto Perez said.

"It has provided a monetary, commercial and financial curtain that conceals the methods surviving from the old days. Such methods give decisive, operative priority to production for production's sake and to material indicators, while financial categories such as cost, profit and efficiency are downplayed and represent secondary, passive considerations in economic life."

"In the planning process," he stated, "we have never identified the Comprehensive Financial Plan and the cost, profit and efficiency plans as our starting points. We have always worked and we are still working with the so-called material categories of output, supply and investment. We calculate all of the indicators and the distribution of resources in a material fashion, and we even seek to make at the most centralized level economic decisions that only enterprises can make."

Financial Indicators Must be Used

"It is at the enterprise level that we must work with the material indicators, the consumption and inventory quotas, physical production categories, etc. But we must turn to the central level for financial guidelines, budgetary mechanisms, credit, interest, capital formation, contributions on top of profits, etc.

"Measurement in terms of value, in other words, the use of financial categories in management, is fundamental to the economy and to conserving the material resources that, after all, are behind each peso we spend," he indicated. "Not to avail ourselves of these categories is to conspire against the possible and necessary decentralization of economic and technical decision-making in the enterprises themselves."

Humberto Perez asserted that there must be a change in outlook and economic practice in handling financial categories and mechanisms. In this regard, he called on the Central Planning Board to take the lead in this new approach to economic management.

He stated that we should ask ourselves what the ultimate purpose of all these SDPE and other mechanisms, including incentives, is. It is to make the economy more efficient overall and, further, to select specific priority objectives in accordance with economic policy.

The mechanisms must be used to promote the expansion and diversification of exports, import substitution (imports from the capitalist area in particular), conservation of material resources in general and energy in particular, and the projects that represent the foundation of our economic development and that will help meet basic social needs.

Four-hundred and forty-two economic management cadres from all over the country attended the Fourth National SDPE Checkup.

CUBA

MEDICAL EXPORTS INCLUDE PLACENTA DERIVATIVES, PLANTS

Havana VERDE OLIVO in Spanish 23 May 85 pp 46-47

[Article by E. Blaquier]

[Text] The 2nd International Exposition of Medical Technology, whose theme was "Health for All," revealed the progress that this industry has made in our country. In the areas assigned to the Cuban Enterprise for Importing and Exporting Medical Products (MEDICUBA), those attending the exposition could see human and veterinarian medications, pharmaceutical raw materials, medicinal plants, orthopedic and laboratory equipment, and glass containers.

The external fixatives system produced by the medical instruments industry of the Steelworking Industry (SIME) attracted the attention of visiting specialists. These fixatives are now being exported to three countries: Guayana, Iraq and Kuwait.

Several foreign firms expressed interest in the interferon and other drugs derived from the placenta, which are very useful in the treatment of various diseases. The fact that this line of medications can be produced is evidence of the medical-scientific development that has taken place in the area of biomedicine.

Among these products are melagenine, a lotion that controls vitiligo (a skin disorder), and a medicated shampoo that prevents hair loss, dandruff and seborrhea. The latter product is about to be put on the market.

Other products that have export potential due to their high quality are a bioactivating dermal cream that revitalizes debilitated cutaneous tissues, and tanning lotion.

Another line being developed is medicinal plants. Although 50 percent of our flora consists of endemic plants, plants from other regions of the world have been acclimated, and exotic varieties are being introduced for future export potential.

At present we sell the so-called "green medicine" to the USSR and, to a lesser extent, to the Federal Republic of Germany.

Among the devices displayed were cardiostimulators, fetal heart monitors, ultrasonic localizers for the placenta and the blood flow, and an audiometry device designed by specialists at the Saturnino Lora Hospital in Santiago de Cuba.

The oscillating disc metal cell heart prosthesis developed by the SIME opens up new possibilities for creativity in cardiovascular surgery.

Dr Julio Taen, of the Cardiovascular Surgery Institute, explained to us that 3 years of research went into this valve, until a prosthesis highly resistant to wear and tear was developed. It is made with a metal alloy that is produced entirely in Cuba.

All mechanical and biocompatibility tests were completed satisfactorily, as was the experimental surgery on animals.

The Medical Equipment Producing Enterprises Union in Havana presented some of the equipment, instruments and clinical furnishings that it manufactures.

Also displayed at the exposition were the devices for the physically handicapped and for rehabilitation produced by the Heriberto Mederos facility in Caribarrien, and those manufactured in Santiago de Cuba with the latest electronic technology.

The Cuban pharmaceutical industry, which is one of the leading industries in the production of generic and hemoderivative medications, also displayed a wide range of its products, as well as raw materials derived from nature and semi-synthetic materials, which are used widely in industry.

Under the auspices of this second "Health for All" event, the Cuban foreign trade organizations signed contracts totaling \$6.5 million. The participating firms also made donations valued at more than \$120,000, and agreements were signed to cooperate in the assembly of medical equipment and the production of pharmaceuticals under license from prestigious firms.

It is worthwhile to make a comparison between the efforts our country is making to promote development programs in the area of health and the introduction of advanced technologies, with the serious problems that plague the world today, in which medicine is beyond the reach of the vast majority of indebted countries' populations. Meanwhile, as Commander in Chief Fidel Castro noted at the conclusion of this exposition, hundreds of billions of pesos are devoted to military spending and weaponry, whose objective is to destroy and kill. If only a tiny portion of these military budgets were devoted to medication, countless lives could be saved.

8926
CSO: 3248/429

GRENADA

POOR RECORD IN AGRICULTURAL SECTOR FOCUS OF CONCERN

Brizan Trip to UK

FL011856 Bridgetown CANA in English 1759 GMT 1 Jul 85

[Text] St Georges, July 1--Agriculture Minister George Brizan this week pays an official visit to Britain which will focus on funding for development projects and ways of improving Grenada's bananas and other crops.

I will be given an opportunity to look at the organisation and management of British agriculture and will visit the annual agricultural show. I shall also take the opportunity to examine the operations of Geest Industries Limited, the United Kingdom buyers of the Windward Islands' banana crop, Brizan said.

The minister said the quality of Grenada's bananas was below acceptable standards and he expected his visit to the Geest plant to be useful in highlighting the problem at the marketing end.

It is one thing to read a book or get it from another man's mouth, he said, but it is another thing to see it and then you know exactly what has to be done.

Brizan said he would be looking at the British commodities market. He added that he would have an opportunity to study the mechanisms of that market, the methods of handling products such as Grenada's cocoa and he would be able to talk to the people involved.

I am also scheduled to visit the Organisation of Development Assistance office, Brizan said. This organisation of the British government finances development projects, and I shall try particularly to get them to be interested in financing the resuscitation of Grenada's livestock industry. The livestock industry in the island has been in trouble for several years, he said.

Report on Performance

FL030101 Bridgetown CANA in English 2123 GMT 2 Jul 85

[Text] St Georges, July 2--Grenada's Agriculture Minister George Brizan has given a dismal report on the performance of the country's agricultural sector. In a radio broadcast, Brizan detailed the decline of the key export crops of cocoa, bananas and nutmegs, as well as significant losses in sugar cane and state-owned farms.

He said that while banana production in the other Windward Islands producing countries had been healthy in recent years, banana sales in Grenada have fallen from 31 million pounds in 1979 to 17.5 million in 1984.

He said that the financial operations of the Grenada Banana Cooperative Society (GBCS), which is the export organisation, showed a net loss of EC2.1 million dollars (one EC dollar: 37 cents U.S.) for the 1979-83 period.

He said that deficit of the GBCS was largely due to price support to growers in order to keep them afloat in difficult times and that the GBCS's own reserve of 2.5 million dollars in 1977 dwindled to a mere 106,000 dollars by 1983.

The minister blamed the drop in value of the British pound sterling since 1980 for the erosion in banana earnings.

Brizan said that the total loss of earnings to the GBCS and Grenadian farmers during the last four years because of fluctuations in the pound sterling amounted to approximately 5.45 million dollars each year.

In addition, he said that as a result of persistent poor quality in fruits produced, there was a strong possibility of banana exports from Grenada to the British market being suspended until improvements are made.

Brizan reported that the nutmeg industry has been in a state of depression for the last five years and that sales of mace in 1984 were at their lowest for nine years--308,000 lbs in 1973 as compared to an average of 673,000 lbs in 1983.

He said that 1984 marked the second consecutive year with losses in cocoa trading.

He said that fixed deposits of the Grenada Cocoa Association (GCA), which totaled 7.5 million dollars in 1978, reached zero in 1982 and 1983 with only marginal improvements recorded in the following year.

According to the minister, the two major factors accounting for the decline in earnings relates to a drop in the price of raw cocoa on the London market and the drop in value of sterling.

Our own calculations show that the loss to the Cocoa Board as a result of the depreciation of the pound over the last four years is approximately seven million dollars, he said.

Brizan also said that the small sugar cane industry was in a state of decline, with production falling drastically in recent years by some 50 percent. Accumulated net loss to the Grenada sugar factory, the main processor and purchaser of cane, totaled 823,000 dollars for the 1981-84 period, he added.

On the performance of the state farms, he spoke of tremendous losses in recent years with a figure of three million dollars in losses between 1981-83 and an unspecified loss in 1984.

Brizan disclosed that in order to rectify the situation in the agricultural sector, the government on June 20 signed a five million dollar rehabilitation and diversification loan with the World Bank to build up all the necessary services that make for a healthy agricultural system.

Other measures, he said, include the continuation this year of a 1.3 million dollar rehabilitation and diversification loan with the World Bank to build up all the necessary services that make for a healthy agricultural system.

Other measures, he said, include the continuation this year of a 1.3 million dollar support scheme to revive the banana industry, and a further 1.82 million dollars to be spent over the 1985-89 period in the moko eradication campaign on banana fields.

Brizan announced that the GBCS has set itself a target of raising field packing of fruits from 35 to 55 percent within the next six months to improve the quality of banana exports to Britain in order to ensure that shipment is not suspended.

In addition, he said that farmers have been given duty-free concessions since January in excess of 350,000 dollars and that a 25 percent reduction in export duties on the chief agricultural crops amounted to relief of 860,000 dollars for the sector.

CSO: 3298/860

GRENADA

BRIZAN WARNS GAIRY TO STOP INCITING FARM WORKERS

FL041453 Bridgetown CANA in English 1901 GMT 3 Jul 85

[Text] St Georges, July 3--A senior Grenada Government minister has issued a tough warning to former Prime Minister Sir Eric Gairy to stay out of trouble.

In a radio broadcast, Agriculture Minister George Brizan accused Gairy of trying to create confusion and break the laws of the country by inciting agricultural workers into violent acts.

We would like to make it abundantly clear that no dictator who has had 30 years to solve the problems of agricultural labourers and who has failed to do so would be allowed to disturb the peace of this country in anyway, he said in a radio broadcast.

Once a popular leader, Gairy dominated local island politics for three decades before he was toppled in a coup by the New Jewel Movement in March 1979. His party was soundly defeated in general elections last December to restore democracy to the island.

Brizan, who issued the warning before flying out to Britain on a one-week visit, said Gairy was visiting estates in order to create political disturbances and was making excessive demands for wage increases when the industry was showing signs of emerging from years of decline.

In recent weeks, Gairy has been visiting a number of private and government-owned farms in the country seeking increased wages for agricultural workers who are traditional supporters of his conservative Labour Party.

Brizan said that the Grenada Government would impose the harshest and sternest measures against anyone who was bent on breaking the law and that no pity nor sympathy would be shown.

The high-handed and corrupt practices of a dictator who reigned in this country for decades will never be tolerated. Let him know, therefore, that he is a free citizen as anyone. He took an inch of rope but now he would get a yard, and he knows to do what, he said.

We are not even prepared to tolerate a storm in a teacup, after the political coups or violence of 1970, 1973-74, 1977 and October 1983, Brizan said.

No fallen dictator will be given the chance to cause one strand of hair on any Grenadian head to turn grey. Take heed and be warned. All who have ears let them hear, he added.

Brizan said that his government is committed to ensuring that peace, the rule of law and good government prevail in Grenada because of the bloody political conflicts in recent years.

He blamed Gairy for helping to create the terrible economic situation in the agricultural sector in Grenada and of now trying to exploit the situation for selfish political ends.

Brizan said the government admits that agricultural workers' wages are low in the country and spoke of machinery being put in place such as discussions between employers, government and trade union leaders to work out something reasonable for these workers in the interest of all Grenadians.

CSO: 3298/860

GUATEMALA

PDCN CANDIDATE ON ROLE OF ARMY, RELIGION

Guatemala City PRENSA LIBRE in Spanish 19 May 85 Sunday Supplement pp 6-7

[Text] Everything seems to indicate that the electoral campaign is heating up at a time when only five months remain before the October elections in which Guatemalans are to choose their first constitutional president since the coups of 23 March 1982 and 3 August 1983.

It is perhaps logical that the presidential candidates should attempt to establish positions on certain themes which will impact on the political future of the country and which could sway the vote of the citizens.

Jorge Serrano Elias, presidential candidate of the Democratic Party of National Liberation -- PDCN -- has clearly responded to questions about the army, religion, political alliances, the Nicaragua situation and Guatemala's neutrality in this matter.

According to the opinion polls, his candidacy is on the rise in spite of his having entered the political arena much later than the other candidates. According to his backers, this development is due, among other reasons, to his effort to make himself into a serious candidate by giving his ideas on national problems, which lends credibility to his statements.

Here are some of his answers to questions on the subjects indicated:

[Question] It is generally thought that the next president will not have total control of the government, because of the tradition of participation by the military in recent years. If you are elected president, what will be your relationship with the army?

[Answer] You are aware that we have stated our position clearly and categorically with respect to the army. We know above all else, that security and the maintenance of peace are necessary for the social and economic recovery of the country. To succeed here, we must count on the army to protect constitutional government and to defend the country from any attack from within or without. An army which we rely on to guarantee, safeguard and maintain the liberty and sovereignty of the nation as well as its honor and territorial integrity. Complying with and seeing to the safeguarding of the legal system provided for us by the constitution, I am certain that under my leadership the armed forces will serve the most precious interests of the fatherland.

[Question] How would you describe the role which the army has played in recent years?

[Answer] We must deal with that subject on two different levels: one strictly professional, and the other political. On the first level, our army, without external assistance for more than eight years, has sought, with success, in difficult circumstances and in adverse situations, to maintain peace and combat subversion. On the political plane, it must be acknowledged that some military leaders have committed abuses of power and together with certain civilians have participated in acts of corruption harmful to the country's interests. At this time, the government born of a military coup, must fulfill its historic obligation to return to democracy. In the interval which still remains, it should govern with circumspection and avoid certain serious errors committed in the economic area, which I discussed some time ago.

[Question] What do you think of the creation of a special type of army, or of paramilitary groups?

[Answer] It is my view that our army must be one and indivisible with unity of command. It must maintain its solidarity of spirit and will, of its principles and aspirations, maintaining esprit de corps, loyalty and confidence among its elements. It must live up to what has always been its own principle: the mission of an army is non-political, marked by obedience not debate. Discipline and obedience must be strengthened, the hierarchical order must be consolidated, and military assignments should be rotated fairly, and according to ability and seniority. In addition, during my administration, as commander in chief of the army I shall assure proper equipment of the armed forces as well as increased training and professional education in light of their heightened importance due to the current crisis period.

[Question] You are the only protestant candidate taking part in the elections. It might be useful to state your position clearly on that subject, and especially regarding the Catholic religion...

[Answer] A disinformation campaign has been started in the interior, actually misrepresenting what could be my position as leader of the country. I hereby reaffirm my respect for freedom of worship which all Guatemalans enjoy, to the same extent and in the form in which Vatican II established it [in] "The Purpose and Basis of Religious Freedom:

"This Vatican Council declares that the human person has the right to religious liberty. This liberty means that all men must be free of coercion by individuals or by social groups or by any human authority, to the extent that in religious matters no one shall be forced to act against his conscience nor shall anyone be prevented from acting in accordance with his conscience in private or in public, alone or in the company of others, within due limits. It declares further that the right to religious liberty is founded on the dignity itself of the human person, as it is known from the revealed word of God and by reason itself. This right of the human person to religious liberty must be recognized in the juridical provisions of society and in such form as to convert it into a civil right."

I believe, therefore that every Guatemalan has the right to express his devotion to God in the manner he considers appropriate and we all have the obligation to respect that right. Under no circumstances will I oppose religious demonstrations. I shall respect and insure respect for all religions. If the Catholic people of Guatemala have the tradition, and we are all familiar with it, we have all seen it, the tradition of its processions, its liturgical ceremonies, I as president shall respect them and assure that they are respected. To the same extent in which I shall be obligated to assure respect for the form in which the Protestant people, or the people of any other religion, perform their worship and that freedom of conscience is also respected.

Nevertheless I believe it has been a good thing that separation of church and state has existed in our country for more than a hundred years. As Chief of State, I shall not permit my administration, neither I, personally nor any person who may be in the service of the government to interfere with the free exercise of religions or worship in my country. Nor shall I permit my church to intervene in the government, because the two things are completely different. We could sum it up in the words of Jesus: "Render unto Caesar that which is Caesar's, and unto God that which is of God." The exercise of freedom of conscience and of freedom of worship is a liberty which man possesses before God, and the government is a responsibility which man possesses before God and before his country. I believe that the secret of good government and social peace, in this aspect, is to keep these functions separate as they have been so far in our country, and I commit myself to doing this, as I have said and as I shall do from the presidency of the republic. I have been asked in certain quarters whether I intend to play favorites. I tell you in advance, clearly and categorically that we shall not favor any particular religion, that all religions will enjoy the protection of the state and the guarantees that the constitution provides for the exercise of their functions: but there will be no privileges and the people of Guatemala will be able to see this for themselves in the exercise of our responsibilities.

[Question] We should like to know whether in your administration there will be a tendency to choose more Protestants than persons of other religions to carry out public responsibilities, as has occurred on previous occasions.

[Answer] Under no circumstances. In my government there will be no preferences on the basis of religion. We believe and we insist that the country needs the cooperation of all, without discrimination, and that in order to accomplish this it is necessary to choose qualified persons for each post with no thought for their religious attachment.

[Question] The situation in Central America has worsened and there is tension on Nicaragua's frontiers with Costa Rica and Honduras. What is your position with regard to this problem, and what are your views regarding the fate of the region?

[Answer] We have watched with great concern how the problem of Central America has been intensifying. This is regrettable because, sooner or later there will be repercussions for us as a nation. Guatemala is maintaining a position of neutrality which I consider mistaken. We Central Americans are a family, and we should be concerned with the problems of all. We do not

overlook the fact that the people of Nicaragua are today, more than ever, suffering under the harshness of a dictatorship, which is not a good one just because it is of the Left, because it keeps that people in truly oppressive conditions. We Guatemalans, and those who receive information about what is happening in Nicaragua know this.

On the other hand, we know that Nicaragua has created a war machine totally out of proportion to that of the rest of Central America. It is not a mainly defensive army as some have claimed. It is an army created for purposes of offense. At any moment they may decide to march and we will find ourselves in a disadvantageous situation to stop any aggression. We believe that this is the time to take steps to avoid this problem. We have already seen that Contadora is a group which, although it has done much, has not been able to draft a viable solution. Guatemala cannot remain on the edges of that problem. We must take an active position in the political negotiations and in the diplomatic activity, so that we can find a level of regional stabilization. We shall have no peace in the region as long as the Nicaraguan armament race continues and that country continues exporting the sandinist revolution. Unfortunately, the forum in which negotiations have been conducted has not been suitable. I believe that we must revive the Central American forum and find a Central American solution to that conflict so that Nicaragua may give the other countries of the Isthmus the necessary guarantees of her desire for peace. If it is not possible to resolve this matter at the Central American level, we must refer it to supranational and multilateral levels. We want democracy, liberty and the opportunity to live in peace; and under no circumstances do we wish our country to become bloodied in an unnecessary struggle. A struggle which we, as partisans of peace, condemn, but toward which we are unfortunately moving closer and closer because of the lack of understanding of those who would subdue and impose totalitarian ideas upon Nicaragua.

[Question] As the days go by, there is more and more talk about classic alliances or coalitions of political groups. Are you prepared to enter into alliances?

[Answer] We have stated our position, which is that we seek no coalitions since we represent a political force different from existing options. It is true that groups and persons have approached us and we have discussed the possibility of accepting some support. If someone says to us "we agree with your program and we want to support your candidacy...", well of course we accept that support. However, that does not represent on our part any concession, promise of a job, or distribution of power quotas, because it is not the philosophy or the approach by which we have earned the backing of the Guatemalan people.

We also believe that in order to move the country forward out of this crisis in which we find ourselves, the collaboration of all Guatemalans without discrimination is necessary and urgent. We have accordingly decided to lead a grand pluralist front which will accommodate all of the different options and ideological shades, together in democratic faith and the desire to find a viable outcome to the economic and social problems of the country.

12383
CSO: 3248/407

JAMAICA

REPORTAGE ON RAMIFICATIONS OF GENERAL STRIKE ACTION

Security Situation

Kingston THE DAILY GLEANER in English 25 Jun 85 p 1

[Text] A joint operation between the Jamaica Defence Force and the Jamaica Constabulary Force has been set in motion to combat criminal activity likely to be triggered by the general strike begun yesterday.

Commissioner of Police Herman Ricketts told the GLEANER that criminal activities had been "considerably low" in number, except for minor robberies. Police officers had been sent out on mobile and foot patrols, especially within the Corporate Area, and members of both forces were providing security at public institutions such as hospitals as well as protecting installations of the Jamaica Public Service Company and the National Water Commission.

"We will just have to keep on the alert for any emergency that might arise," Commissioner Ricketts said. "The cards are not in our hands."

A release from the Police Information Centre further stated:

"...The Police High Command has deployed a strong detachment of police personnel, backed by the military, to ensure that law and order is maintained. So far, there has been no major incident although there are confirmed reports of a few minor incidents within the Corporate Area where tyres and other debris were placed in roadways but these have since been removed.

"There is now no obstruction and traffic is moving in all areas. Elsewhere in the island, the situation remains normal.

"In the meantime, security forces are on the alert and continue to maintain surveillance."

PNP Call for Seaga's Resignation

Kingston THE DAILY GLEANER in English 27 Jun 85 pp 1, 3

[Text] A call for the resignation of Prime Minister Edward Seaga "as the first step necessary for the resolution of the grave crisis into which he has plunged the country," has been made by the People's National Party.

In a release yesterday, the PNP denied Prime Minister Seaga's claim that it was responsible for the grave crisis which currently besets the country and, at the same time it called for his resignation.

The Party challenged Mr Seaga to present to the country a list of all the productive projects on which his Government had spent loans it had borrowed since 1981.

This list of projects, the PNP said in its release, must state clearly what, if any, output and employment had been actually generated by these projects to date.

The PNP said that in five years Mr Seaga had borrowed two times more than the PHP did in its two terms in office. It said the loans obtained by the PNP Government were used to implement projects which contributed to economic development by the improvement of the physical and social infrastructure.

Referring specifically to Mr Seaga's statement to Parliament on Tuesday, the Party said the country was now tired of his constant litany of woe that the country's financial problems, and current hardships he had imposed were not his fault.

The facts were, the PNP stated, that the budget deficit was a percentage of GDP was increased from 16.6% in 1980/81 to the unprecedented level of 18.7% in 1983/84.

The Party also said that Mr Seaga had signed an agreement with the IMF in 1981 which required the current account deficit of 3.7% of GDP in 1981/82 to be converted to a surplus by 1983/84. Instead of achieving this goal, Mr Seaga moved the deficit further to the previously unheard of level of 10% in 1983/84.

The Party stated, "It was because of these major negative movements on both the current and overall deficits in 1983/84 that the Government was forced from a position of weakness to embark on the savage and unprecedented expenditure cuts in 1984/85 and those planned by Mr Seaga this year."

The Party also claimed that Mr Seaga was continuing to mislead the country about the reasons for the present high external debt. In 1980 the debt of the Government of Jamaica was US\$895 million, and by 1984 this figure doubled to US\$1,764 million. In addition, if Bank of Jamaica liabilities and Government guaranteed debt were included the total national external debt when Mr Seaga took office in 1980 was US\$1,793 million. That figure moved to US\$3,237 million by December 1984--an increase of 81%.

The Party added that it was not only externally that the JLP borrowed indiscriminately, as Government's local debt had also moved from J\$2,340 million in December 1980 to J\$5,823 million in December 1984--an increase of 149%.

The PNP expressed the view that Mr Seaga was once again seeking to divert attention from his mishandling of the country's affairs and to shelve blame for the current crisis which had been brought to a head by the national strike.

The PNP said Mr Seaga now held the dubious distinction of being the author of the most massive dislocation of Jamaica's economy and services in the entire history of the country, as had been experienced this week.

"The PNP therefore insists on Mr Seaga's resignation as the first step necessary for the resolution of the grave crisis into which he has plunged the country," the Party said.

Split in Union Ranks

Kingston THE DAILY GLEANER in English 27 Jun 85 pp 1, 3

[Text] A split in the ranks of the trade union leadership on how to call a halt to the general strike called by six unions was reported late last night.

The differences turn on whether a decision should have emanated from the union leadership; or from the workers meeting scheduled for this afternoon at National Heroes Park.

The union leaders late Tuesday night rejected the Prime Minister's call to end the strike yesterday and then meet with him. The leaders said the Prime Minister's statement to Parliament was no basis for a resumption and that they first had to get a mandate from the workers.

A resumption of work yesterday by workers was impractical, the current chairman of the Joint Trade Union Research Development Centre and General Secretary of JALGO, Mr E. Lloyd Taylor, told the GLEANER yesterday.

Mr Taylor was responding to questions from the GLEANER concerning the strike, the request for a resumption as a condition for more talks made on Tuesday by Prime Minister Edward Seaga, and the meeting planned for this afternoon at National Heroes' Park by the six unions to seek a new mandate from the workers.

Mr Taylor said that the Prime Minister's request was impractical as the fact was that the claims on which the strike was based did not emanate from the unions, but from the workers attending last Sunday's meeting at National Heroes' Park.

He said that as a result, the unions had no authority to take any action without a new mandate from the workers. He said that today was the earliest possible date on which the unions could call the meeting.

Asked how would the unions ensure that the people attending the meeting and giving the mandate would be workers or union members and not political agitators, Mr Taylor said that the unions would seek to have their members properly identified through their delegates system.

"No building could house the members of these six unions, except probably the National Arena, and that would cost us a fantastic sum if we could take last Sunday as an example."

Mr Taylor admitted that there was some confusion among the workers over the duration of the strike as some workers thought it would be for one day while others thought it would be for three days. However, he said, nobody at Sunday's meeting had said whether it would be for one day or three days, he blamed the GLEANER among those responsible for the confusion.

Union Stand

Kingston THE DAILY GLEANER in English 28 Jun 85 pp 1, 3

[Text] A mass meeting called by trade union leaders yesterday at National Heroes Park, formally rejected offers made by the Prime Minister, the Rt. Hon. Edward Seaga, for ending the current general strike, and made two new proposals to form the basis for ending the strike.

Proposals from Church leaders, made at a meeting earlier yesterday afternoon at the Jamaica Council of Churches' head office, South Avenue, St. Andrew, which was attended by leaders of all six trade unions which called the strike and including the Deputy Prime Minister and President of the BITU, the Rt. Hon. Hugh Shearer, were rejected by the meeting.

The BITU did not attend the meeting at National Heroes Park and it could not be ascertained whether the union had pulled out of the strike.

Although sources at the meeting refused to detail the proposals agreed to at the meeting with the churches, the GLEANER learnt that they involved a call for more dialogue on improvements in salaries as well as an end to the programme of redundancies.

The large crowd at National Heroes Park boisterously shouted down the proposal from the churches which emanated from a meeting between the unions and the JCC, the Jamaica Association of Evangelicals, the Jamaica Pentecostal Union, the Full Gospel Ministerial Fellowship and the Church of God when they were put by Mr E. Lloyd Taylor.

Eventually, NWU General Secretary, Mr Clive Dobson, announced that any formula for calling off the strike should be based on:

- o An agreement that the current wage fund offered to public sector workers of \$115 million be increased.
- o An agreement that there would be no more layoffs or redundancies in the public sector without consultation with the unions.

Mr Dobson said that this formula would form the basis for any discussions to call off the strike, and would also force the Prime Minister to retreat from his "arrogant and inflexible" position and give the workers added opportunity to demonstrate the power of the working class movement.

He said that the unions were not happy about calling the strike, but they had no other course of action.

The meeting which was attended by several thousand persons was addressed by Mr Dobson; the chairman of the Joint Trade Union Research and Development Centre and General Secretary of JALGO, Mr E. Lloyd Taylor; Mr Hopeton Caven of the TUC; Mr Reg Ennis of UTASP/PSU; and Mr Claude O'Reagan of JUPOPE.

The churches had proposed to act as intermediaries between the unions and the Government and expected to have had a meeting scheduled with the Prime Minister by last night, at which they were expected to discuss the proposals agreed on at yesterday's meeting to resolve the dispute. But Mr Taylor told the meeting at National Heroes' Park shortly after 7 o'clock last night, that he was informed by the churches that they had not yet heard from Mr Seaga.

The indications, however, from the start of the meeting at National Heroes Park was that those attending were determined to continue the strike. Several of the union leaders tried to bring the crowd around to listening to the proposals agreed at the JCC meeting, but loud shouts of: "Away with the churches," "Shut down the country" and "We Nah Bow," drowned those pleas.

The union spokesmen condemned the act of sabotage at the Kingston Public Hospital on Tuesday in which a section of the hospital was set on fire, as well as charges of irresponsible behaviour, which they said had been levelled against the trade union movement and some of the workers involved in the strike and called the audience to phone the radio call-in programmes and let their voices be heard.

Mr Caven said that the unions were ready to engage in dialogue, but that the atmosphere must be created in which dialogue could be had. He said that the Prime Minister had not created that atmosphere.

Mr O'Reagan paid tribute to workers for uniting as one force and Mr Ennis called on the workers to remain "cool, sensible and united."

The UAWU and the WPJ were represented by a large turn-out of members led by the General Secretary of both organizations, Mr Trevor Munroe, who remained in the crowd. They distributed leaflets to members of the crowd, some saying that they should not bow to the Government.

Also attending were Rastafarian groups, among them the Rastafarian Theocratic Government led by Jah Lloyd otherwise called Jah Lijj who kept shouting about black people being kept under domination for 400 years.

Mr Dobson who was the final speaker said that it was important for the movement to retain its bi-partisan nature and warned that a mistake within the ranks of the movement could be very serious.

Mr Taylor announced at the end of the meeting that it was obvious that the proposals put to the meeting for a resumption of work had been rejected. The tune "Solidarity" was played on several occasions during the meeting as well as other popular Reggae tunes.

And, as the strike continued in the private sector yesterday spokesmen from several firms including Seprod Limited, the Caribbean Cement Company and the Jamaica Flour Mills, announced that they were unable to start production because the number of workers who turned up yesterday were not enough to start production rolling.

Petrol was still being allowed to be hauled from the loading rack at Petrojam, Marcus Garvey Drive, but NWU spokesman, Mr Caswell Rodney, said that only the essential services were being supplied. A strike planned by technicians employed by Petrojam, which would have affected mainly cooking gas distribution, was called off on Wednesday.

Hospitals and other health services were operating normally and public utilities were working normally.

Manley on Seaga's Labor Policy

FL031707 Bridgetown CANA in English 1638 GMT 3 Jul 85

[Text] Kingston, July 3--Socialist opposition leader Michael Manley has accused the conservative Edward Seaga government of seeking to destroy Jamaica's labour movement.

Manley's comments come in the wake of sharp exchanges between the administration and labour unions which called a general strike last week. Some workers who took part in the strike have been suspended.

Manley also said it appeared that the government intended to impose a military solution to Jamaica's problem, citing the use of the army to bar workers from entering some compounds and to fill the slots left by suspended employees.

According to union officials, 1,200 firemen have been suspended, plus nearly 200 workers from the state-owned power company, Jamaica Public Services (JPS).

Prime Minister Seaga had promised punitive action against these two categories plus employees of the National Water Commission (NWC) for their part in the strike, which significantly disrupted industry and commerce for much of last week.

Manley, whose People's National Party (PNP) government of the 1970's substantially upgraded labour laws, including passing an act for the compulsory recognition of trade unions, said the suspensions were a violation of the fundamental right of workers to withdraw their labour through strike action.

Manley has called for specific legislation recognising the right to strike after the local courts twice ruled that striking workers had abandoned their jobs.

The PNP leader, who accused the government of using oppressive measures in a policy to destroy the labour movement, also referred to the government's 1980 firing of 13 journalists from the state-owned Jamaica Broadcasting

Corporation (JBC). The journalists later won in court and were awarded approximately half million Jamaican dollars.

Manley claimed that the Seaga government had again provided a display of arrogant power by pushing through large-scale layoffs here right on the heels of last week's unrest.

The issue of public sector jobs was one of the reasons behind the strike that was called by six major unions here, including the Bustamante Industrial Trade Union (BITU), which is affiliated with the ruling Jamaica Labour Party.

Union leaders say that nearly 1,000 workers were either laid off or made redundant last weekend.

The government seemed to have forgotten that the founder of both the BITU and JLP, Sir Alexander Bustamante, had fought for the establishment of trade unions and fundamental workers rights, Manley said.

Denying workers the right to strike would only be the prelude to denying workers the right to join the trade unions of their choice, he added.

Once this fundamental right is taken away, all rights now enjoyed by the people of Jamaica are in peril, he said.

Manley conceded that the army could be used to maintain vital services in the national interest, but stressed that it should never be an instrument of oppression and to make arbitrary victimisation possible.

The whole pattern of conduct suggests an intention to impose a military solution to our problems which would provide the base for dictatorship and the final destruction of our democratic institutions and principles, Manley said. The union movement may only be the first target.

CSO: 3298/861

JAMAICA

INDEPENDENT SENATOR CRITICIZES PNP DEMONSTRATIONS

Kingston THE DAILY GLEANER in English 24 Jun 85 p 11

[Text]

Independent Senator Charles Sinclair has voiced opposition to the manner in which demonstrations were carried out by PNP supporters in St. James and two other Parish Councils on Thursday, June 13.

At the same time, Senator Sinclair has urged government to honour its commitment for Local Government Elections.

Addressing life underwriters at the Wyndham Rose Hall Beach Hotel on Saturday night, June 15, Senator Sinclair spoke of the "dangerous precedent of potential candidates for the Local Government Elections physically occupying some of the Council Chambers and under duress prevent the business of these councils from being done."

He asked: "Can't we understand that for every illicit act that is committed today there is a price that has to be paid tomorrow."

The Senator said he felt compelled to advise those who took responsibility for this precedent, "that sympathy is not gained through reckless and irresponsible actions but by constructive positive behavioural patterns."

He went on to state that "to keep deferring elections is unwise and unacceptable," adding that he was calling on Government to honour its commitment for Local Government Elections as "the country is expecting that there will not be another lengthy deferral."

Senator Sinclair said that whatever adjustments were to be made in respect of seats and boundaries should be done expeditiously "and get over with it".

In the same breath, he said that the demonstrations "are also unacceptable in the manner they were carried out," and those who so anxiously desired to give Local Government leadership should acquit themselves as a necessary pre-condition to their election "so that if and when the mantle is passed they will be worthy bearers of the office they hold."

According to Senator Sinclair, "too often we misplaced our priorities, to the extent that as public servants our visions become blurred in our perspective of the responsibility we have to the people who are served."

JAMAICA

PNP DEMONSTRATIONS AGAINST SEAGA POLICIES CONTINUE

Kingston THE DAILY GLEANER in English 7 Jun 85 p 2

[Excerpts]

Hundreds of supporters of the People's National Party (PNP) yesterday staged simultaneous two-hour incident-free demonstrations in Half-Way Tree, Kingston, and Mandeville in Manchester, with strong detachments of police standing by.

The demonstrators, singing party songs and waving flags, had placards calling for elections and protesting against the rising cost of living.

In the busy Half-Way Tree square, vehicular traffic moved smoothly as the demonstrators lined the sidewalks, both sides on Constant Spring Road from South Odeon Avenue and Hope Road.

Over-enthusiastic demonstrators who attempted to encroach on the road were held back by ranks of policemen armed with M-16 assault rifles, handguns, tear gas guns and batons.

A police spokesman estimated the crowd at 700.

It was unlike the PNP demonstration last month at Cross Roads in mid-town Kingston, which was aborted when police tear-gassed people there several times.

PNP supporters with red arm bands helped police at the intersections to keep traffic moving in the Half-Way Tree square.

Miss Portia Simpson, a vice-president of the PNP, who addressed the crowd in the nearby Skateland car park in the closing stages of the demonstration, described the policemen in Half-Way Tree square as "honourable men."

Miss Simpson in her address said the demonstration was a message to Seaga, and they were going to do it "again and again". They wanted Local Government elections by June 30 and in all 278 seats, including the KSAC.

Among PNP executives at the demonstration were Mr. Ralph Brown, spokesman on Local Government; Mr. K.D. Knight, spokesman on national security; Mr. Bobby Pickersgill, treasurer and spokesman on public utilities and transport; Mr. Carlyle Dunkley, spokesman on education; Miss Marjorie Taylor and Mr. Donald Buchanan, Deputy General Secretary.

A PNP statement said Mr. Michael Manley, President of the PNP, in a recorded statement played at both the Half-Way Tree and Mandeville demonstrations accused Prime Minister Seaga of political manoeuvring to avoid Local Government elections, because he knew the JLP would lose it.

According to the statement, "Mr. Manley warned that the People's National Party would demonstrate and protest until the JLP Government can no longer hide from the judgment of the poor whom they have made poorer, until they have to face the judgment of the business community which is now being destroyed by bankruptcy; and until they are forced to stare into the hungry and angry eyes of the workers who they have made redundant."

The JLP Government, he said, had proved it had no morality, for example:

● Its leader had broken a solemn pledge given in Parliament, the highest forum of the country, and did so without a blush of shame,

● Its leader had lied to the country that he had passed IMF tests with "flying colours" and when events proved this untrue, he did not have the decency to apologise, and

● Its leader told the world he saved Grenada for democracy, but refused to allow the people of Jamaica to enjoy their democratic rights and freedoms.

In his message, Mr. Manley also accused the JLP Government of being insensitive to the problems of the people, and said it was no wonder it was so unpopular.

Another PNP release yesterday said: "The demonstrations were being held prior to start of the discussions on the 1985/86 Budget which is being led by Mr. Seaga tonight."

"The object of the demonstrations was to draw public attention to its demand that Mr. Seaga immediately introduce measures to halt the decline of living standards which has been demolishing our communities and sapping the will of the people."

CSO: 3298/809

JAMAICA

SEAGA PRESENTS BUDGET POSITION; REACTION ENSUES

Report on Economy

Kingston THE DAILY GLEANER in English 7 Jun 85 pp 1, 3

[Text] [For additional reportage on Prime Minister Seaga's budget presentation to Parliament, see FBIS Latin America DAILY REPORTS, Vols VI, Nos 113 and 115, of 12 and 14 June 1985, pp S 2-S 3 and S 1-S 3, respectively]

THERE WILL BE NO further taxation this year, because of the additional taxes levied earlier in the year; but there will be further reductions in the Civil Service staff, to meet a need arising from a continuing gap in the financing of the Budget.

These were the principal announcements by the Prime Minister, the Rt. Hon. Edward Seaga, as he opened the 1985/86 Budget Debate in the House of Representatives last night.

On taxation, the Prime Minister referred to the imposition of additional Stamp Duty in April of this year, to raise \$283-million in revenue--a sum necessary to offset the fall-out in income from the bauxite-alumina industry.

"As a consequence there will be no need for further taxation to finance expenditure this year," he said.

With regard to the Civil Service, the Prime Minister said a large segment of the increase in the Budget expenditure this year went to financing wages and salaries: a sum of \$147-million.

"This points to two other problems, both of which are currently in issue--the extent of regrading of wages and salaries, and the excessive number of persons employed in the Civil Service," he said.

None of what he had to say, he went on, questioned "the loyalty, integrity or ability" of the Jamaica Civil Service, and he expressed "deep appreciation" for the work of public servants--singling out the teachers, nurses and the security forces for special mention.

"But the fact has to be faced that the category of the labour force denoted as public administration, which is the category for all public officials,

increased by over 40,000 during the 1970s, and was reduced since then by some 8,000, up to 1983."

Quoting figures, Mr. Seaga said it was obvious that during the 1970s, "Government at that time increased the size of the public sector considerably, creating a financial burden which has now become impossible to bear."

"As long as it proved possible to resist staff cuts, Government has done so, but the financial circumstances no longer permit such exemption," he said.

"There is a need to make a final round of adjustments to the recurrent expenditure this year which will include staff adjustments on a significant scale. The need arises from a gap in Budget financing over the next four years, commencing next year, which must be adjusted this year to enable positive results to show next year, accumulating to Year Four.

"The fact that after paying interest, 68 cents in every \$1 of revenue resources must be used to pay wages and salaries means only 19 cents of each \$1 go to operate and manage the entire Government and to pay all utility bills.

"As a result, when expenditure has to be cut, the main reduction has to be in decreasing the size of the Establishment."

Reporting on the general state of the economy, the Prime Minister described the present situation as "the most challenging situation facing the country in any of the ten years in which I have opened this debate as Minister of Finance."

The picture which he outlined to Parliament and to the country was one of "both light and shade."

"Light, in that we have been able to achieve, and in some instances surpass, the targets which we had set ourselves for the country's economic recovery programme.

"Shade, in that there has to be recognition of the fact that these targets have not been easily achieved, but represent significant sacrifices at both the national and personal level — sacrifices which can only be justified if we can see quite clearly that they represent an inescapable investment in a better future for our own nation and its people."

Mr. Seaga listed the following areas in which there was success:

Borrowing — the first major attempt, since excessive borrowing began in the mid-1970s, to cut the level of borrowing in half — to \$675-million from \$1,131 the year before; and

in reversing the worst balance-of-payment deficit of U.S. \$312 million to a record level surplus of \$265 million in one year.

Public Enterprises — the dramatic turn-around of the 20 major public enterprises of the country. In 1980, these enterprises showed a consolidated \$26-million deficit in their operations and several were a burden on the Budget. In 1984, this group showed a consolidated surplus of \$213 million.

Tourism — This year, the tourist industry becomes the Number One foreign-exchange earner, a milestone which the Minister and his officials have laboured to achieve.

Agriculture — This is now the Number One growth sector of the economy and, from current forecasts, is likely to retain that position over the next few years. Another milestone has been achieved: Jamaicans are returning to the land.

Manufacturing — A glimmer now appears in the manufacturing sector with the thrust by new garment manufacturers into the export market. Growth has been spectacular, the number of companies increasing from 5 to 47 since 1981 and to 70 by year-end.

Mr. Seaga said the direction of Government policy was to expand production in those areas of high value-added content where the advantages of devaluation were largest and the net foreign-exchange earnings greatest — Agriculture, Tourism and certain areas of Export Manufacturing.

"As the credit restrictions tighten, more and more enterprises in Commerce and those areas of Manufacturing with high import content will find it increasingly difficult to survive. This is deliberately so," he said.

"We want them to change direction and re-establish in the areas of buoyant opportunities with much larger employment content and foreign exchange earnings than their present enterprises."

Mr. Seaga said the Government had held seminars to attract Jamaican entrepreneurs in these fields, with insufficient success. Another of these seminars will be held this month.

"It is obvious that both the pull by the promotion of new opportunities, and the push by credit restrictions and fiscal duties on imports, are necessary to achieve results," he said.

Tax Reform Study

Kingston THE DAILY GLEANER in English 7 Jun 85 p 1

[Text]

A Tax Reform Committee has been set up by the Government to study proposals for changes in the present system of taxation in Jamaica.

Chairman of the Committee is the Vice-Chancellor of the University of the West Indies, Mr. Aston Preston; and its members will represent various organisations as follows:

The Institute of Chartered Accountants, the Private Sector Organisation of Jamaica, the Bar Association, the trade unions, the Jamaica Bankers Association, the Jamaica Tax and Rate Payers Association.

A Green Paper on the subject was tabled in the House of Representatives yesterday by Prime Minister Edward Seaga, who made the following statement on it in the course of his Budget speech:

"For over two years Government has been conducting an exhaustive review of the tax system. This review was carried out by a large team of local and highly reputed international experts. It covered main areas of taxation.

"The survey is the most comprehensive ever undertaken, and is reported in several volumes.

"Despite the comprehensive nature a good deal of vital data was not

collected because of lack of public response, particularly in regards to the types and levels of allowances.

"In a Green Paper tabled today, I have presented two summary volumes of the report by the experts setting out their findings.

"This report covers: Personal Income Tax; Corporate Income Tax; Property Tax; Revision of Indirect Tax; and Tax Administration.

"Numerous tables support the arguments in the report and these are included.

"The presentation as a Green Paper is to enable public discussions to take place with a view to making recommendations in keeping with the request expressed by many organisations that the Government should not take a final decision until interest groups could comment.

As a Green Paper, the purpose is to allow for such discussion without Government influencing the recommendations. Hence, the Green Paper does not convey a Government position so as to avoid prejudicing any recommendations.

"Accordingly, I have established a Tax Reform Committee to study the Green Paper and report to me by the end of August with recommendations so that Government will be in a

position to take final decisions for implementation, in the case of income tax reforms, by January 1 next year.

"The report covers questions of the rates chargeable on Income Tax; the spread of the income bands which determine the applicable rate; the range of allowance and tax credits; overtime; property values and taxes; the introduction of a single tax to replace excise duty, retail sales tax and most of the areas of consumption duty by a General Consumption Tax (GCT); and finally the revenue administration.

"The objective of the report is to determine ways of making the tax system simpler, fairer, less burdensome and more effective.

"Some 32 different models are presented for consideration of a suitable income tax model.

"The cost of each reform measure

is set out, most of which are enormous, making it clear that the reforms would have to be carried out over a period of 3 — 5 years to reach the desired goal.

"I shall meet with the Tax Reform Committee next Friday to charge them with terms of reference.

"The Chairman of the Committee is the Vice Chancellor of the University of the West Indies, Mr. Aston Preston.

The members will represent various organisations as follows: two representatives of the Institute of Chartered Accountants; two representatives of the Private Sector Organisation of Jamaica; one representative of the Bar Association; two representatives of the trade unions; one representative of the Jamaica Bankers Association; one representative of the Jamaica Tax Payers and Rate Payers Association.

PNP Objections

Kingston THE DAILY GLEANER in English 8 Jun 85 pp 1, 3

[Text]

The People's National Party's spokesman on Finance, Mr. Seymour Mullings, has described the comments by Prime Minister Seaga in the opening of the Budget Debate, as a revelation of the bankruptcy of the JLP Government's strategies to solve the country's chronic economic and social problems.

In a release from party headquarters Mr. Mullings expressed shock that Mr. Seaga could have repeated "his annual recitation" of a time-frame of three years for economic recovery.

"This three-year cycle of promises by Mr. Seaga has now worn thin," Mr. Mullings said. "This promise has been repeated every year, yet none of the promised targets of growth has been achieved. Instead of 'recovery', we have been treated with depressants of doses of economic medicine involving massive taxation, enormous and uncontrollable price increases of basic food and household items, the lay-offs of thousands of workers, closures of businesses, an increase in malnutrition, and a decline in the quality of the health and education services offered to the people."

Mr. Mullings said the Party did not applaud the announcement of no

further taxation which was made by Mr. Seaga last night. Taxation amounting to \$300 million had already been imposed for the current financial year.

He pointed out however, that it was more than likely that there would be further taxation later this year, as was the case last January when additional taxes were included in the new price of petroleum products. In fact, he commented, the revenue earned from these additional taxes of petroleum products contributed to the Government achieving its revenue targets last year.

Mr. Mullings also said he regarded as simplistic the statement that of every three dollars used to pay the country's debt, two went towards repaying and servicing loans incurred by the previous PNP Government, while only one was used for loan payment and servicing of loans incurred since 1980.

Mr. Mullings said the debt left by the PNP Government in 1980 was US\$800 million. At the then value of the J\$ this amounted to J\$1.4 million. Since 1980, Mr. Seaga had borrowed over US\$2 billion, and having devalued the Jamaican dollar

to the present rate of J\$5.56, the Jamaican equivalent of the total current debt of US\$3.2 billion was over J\$17 billion!

The devaluation by the JLP Government, he said, was the reason for the high content in the budget for loan repayment and debt servicing.

He also said that a large percentage of the loans incurred by the Seaga Government did not yet require repayment or debt servicing. This, he said, was now being studied

by the Party's "Shadow Cabinet," as one of the major problems which would have to be addressed by a new PNP Government.

JPRS-LAM-85-065
25 July 1985

Mr. Mullings also accused Mr. Seaga of distorting the truth in his statement that borrowing by the Government this year would be cut by half, when the real reason, he said, was that the Government's credit rating in international financial circles was low. He said that a recent review of the economy by the

World Bank stated that Jamaica's present parlous economic situation had been brought about by wild borrowing by the Seaga regime, and that the only sure sources of loan were from the IMF and the World Bank, and that in the case of the IMF that institution would be reducing its loan exposure to Jamaica.

Mr. Mullings also said that Mr. Seaga had ignored the international problems with which the PNP Government had to deal in the 1970's, and was acting as if the current international problem was a new phenomenon. He said Mr. Seaga was behaving as if the international economic crisis was only affecting Jamaica. The entire Latin American region was affected, Mr. Mullings said, by a debt crisis which began with economic problems during the 1970's. He said Mr. Seaga was either being deliberately deceptive, or completely ignorant about the realities of the international debt crisis particularly as this related to Third World countries.

Mr. Mullings also accused Mr. Seaga of failing to level with the country, as usual, in not mentioning anything about the state of the IMF test for the quarter ending March 31, 1985.

The Party's Finance Spokesman also expressed alarm at the intention to escalate the redundancy programme in the public service, and described as a feeble apology the Government's inability to provide teachers, nurses, the police and other public sector workers with meaningful increases.

Other Reactions

Kingston THE DAILY GLEANER in English 10 Jun 85 p 1

[Text]

There have been mixed reactions to Prime Minister Seaga's budget presentation last week. These have come from the PNP Women's Movement, the Workers Party of Jamaica, Young Jamaica, the National Patriotic Movement and the Jamaica Hugglers Association.

The PNP Women's Movement in a news release called on Mr. Seaga to resign as Prime Minister and to seek

a mandate for his further attempt at economic recovery in three years.

The Movement said that one of the major promises made by Mr. Seaga when he was seeking office in 1980 was that his Government's strategies would result in a turnaround of the economy in three years. This he had not only failed to do, but he had been consistently

promising economic recovery in three years, every year since then, the release stated.

The Women's Movement said that the new promise of a three-year time-table for economic recovery was a clear indication of the failure of Mr. Seaga's policies, adding that what Mr. Seaga was promising was only more of the same "discredited economic strategies".

The Workers Party of Jamaica in its release said that the Budget was the creation of the International Monetary Fund and Mr. Seaga, and did not represent the will of the Cabinet and the Jamaica Labour Party.

The Budget, the WPJ said, was bound to lead to further price increases, lay-offs and a further collapse of the social services.

The party called for a reduction in debt payments and an expansion of the budget deficit so that "fair salaries" could be paid to teachers, nurses and other public sector workers.

On the positive side, a release from Jamaica House said that a number of letters and telegrams had been received at Jamaica House from organisations and individuals both

locally and overseas.

The release said that the Prime Minister had come in for considerable praise that no new taxes had been imposed for the current financial year.

The Jamaica House release said that the National Patriotic Movement singled out the Food Aid Programme as being of tremendous assistance to the peoples, in particular school children.

Young Jamaica, the release said, strongly supported the proposed "Solidarity Programme" which it said would give new meaning to the lives of thousands of young Jamaicans as well as their families, and called on Jamaicans to support the programme.

According to the release, the Jamaica Association of Higgler said in its letter that it shared the view that adjustments and monetary restrictions were necessary although they too were feeling the "pinch". They however commended Mr. Seaga and his administration which they said have proven from their achievements so far that they could pull the country out of its economic plight.

Stone's Alternatives

Kingston THE DAILY GLEANER in English 10 Jun 85 p 8

[Article by Carl Stone]

[Text]

In his budget presentation last Thursday our Prime Minister repeated the fiction his party has been propagating that there is no rational set of policy alternatives to the ones he is carrying out and that if he relaxes any of the austerity measures this will impair the prospects of economic recovery.

Let me therefore point out a few major deficiencies in Mr. Seaga's policies and suggest what policies he ought to be following to deal with them.

To control the demand for U.S. dollars and to reduce imports and stabilise the value of our dollar, the government has permitted a big devaluation of our currency.

Policy instruments

In addition, other austerity or restrictive policy instruments are also being used to cut the demand for imports and U.S. dollars. These include tight monetary policies and tight fiscal policies which embrace super high interest rates, credit restrictions on the banks, heavy taxes to cut the budget deficit, a stampede to eliminate the budget deficit, and public sector lay-offs.

While the objective is being achieved and the additional objective of export promotion is being aided, the effects have thrown the economy into a virtual recession. Why

is it necessary to kill a fly with a sledge hammer? You may end up killing the fly but you will also end up destroying the dining table. We need policies that kill the fly but do not destroy the dining table as Mr. Seaga is currently doing.

What the government needs is a high enough rate of exchange for the U.S. dollar that will discourage imports and simultaneously protect local production. Once the rate is high enough to achieve that, the interest rate can be left alone or adjusted to match the expected rate of inflation and the fiscal policy can be reasonably expansionary.

Real public spending

The result would be much lower interest rates and an increase rather than a contraction in real public spending.

Business people would be more able to afford to borrow money to invest as this would most likely cut the interest rate in half and expansionary public spending would be used to put more spending power into the economy.

Construction would not die as is now occurring but builders would be forced to substitute local raw materials and reduce expensive imported fixtures. But that would a thousand times better than no building of affordable housing.

Of course, I can hear all the conservative monetarists and Seaga camp followers challenging me here on the grounds that this will cause inflation which will wipe out the advantages of the devaluation. Also I can hear them shouting that this will push up the demand for the dollar again and induce either a new black market or a further slide in the value of the currency.

The answer quite simply is that if my three assumptions are right, their fears are baseless and without foundation.

What are my three assumptions? One that the rate of exchange puts such a high price on the U.S. dollar that only essential imports are likely to find any local demand. Secondly that the use of high tariffs to protect

local producers will add further to the disincentive to import. Thirdly that there exists excess capacity in the economy in such areas as food production, agro-industry and manufacturing generally which will permit entrepreneurs to meet the challenge of increased local consumer buying power by expanding domestic production in areas which involve high levels of local value added and use local raw materials.

Instead of savaging the domestic economy to promote exports, the government would be simultaneously promoting exports through devaluation while at the same time promoting aggressive expansion in domestic production.

Export push

Instead of having to wait on the full maturity of the export push, domestic production could be primed by an expansionary fiscal policy provided imports were so expansive and the U.S. dollar so expensive that there would be an incentive for entrepreneurs to increase local production and employment in areas with high local value added.

Stabilisation would not get in the path of growth but the two objectives would be made more compatible and congruent.

Labour would not have to be so savagely pauperised.

To provide an extra incentive for exporters the government should install a dual interest rate system in which approved enterprises that are either 100% exporters or achieve a minimal level of exports over total output would qualify for subsidised lower interest rates.

This could also be extended to approved enterprises with a high local value added.

The price of money is a key factor in stimulating growth. I know of no economy anywhere where recovery and growth have occurred in the context of 30% interest rates. Indeed one of the advantages the Japanese exporters have over both U.S. and European companies is that they have access to cheaper money and borrow at lower rates of interest.

Inflationary pressures

If we can stabilise our dollar by the rate of exchange and high court

tariffs and thereby control that source of inflationary pressures we can free up interest rates as there will be no effective local market for many consumer imports.

The present rates of bank borrowing are absurdly high and are a prescription for economic suicide.

Now high import tariffs and a high price for the U.S. dollar will both discourage local production with a high import content as well as provide a big incentive for innovative new entrepreneurs able to move into agricultural and manufacturing areas with a high local value added.

Reduced interest rates would free up investment funds to stimulate such new ventures and a moderately expansionist fiscal policy that would increase real levels of government spending which would prime domestic consumer demand and reduce the level of pauperisation.

Many manufacturing enterprises that have low value added and earn little or no foreign exchange would go under as they are destined to under any set of policies.

Depressed market

But at least the more creative manufacturers would have a better chance of surviving than they now have with a completely depressed local market and 30% interest rates.

Laemand and reduce the level of pauperisation.

Many manufacturing enterprises that have low value added and earn little or no foreign exchange would go under as they are destined to under any set of policies. But at least the more creative manufacturers would have a better chance of surviving than they now have with a completely depressed local market and 30% interest rates.

Large sections of the population cannot buy food. Increasing their purchasing power through increased public spending would stimulate higher demand for locally produced and processed food items especially if we scrapped PL480 and altered the food aid programme which subsidises imports and tied it to domestic food production.

The JLP government's excellent (but three years late) food self-sufficiency policy would have much greater impact in the context of such policies.

But how could a government finance such increased public spending without printing money and inducing inflation or by making matters worse by increasing taxes? Provided there is excess capacity in the economy in areas likely to respond to increased consumer buying power, you can print the money and retain a substantial budget deficit without having any inflationary effects.

Budget deficit

Tolerating a high budget deficit would also permit supply side downward adjustments in taxes which would stimulate investment and production.

Now you do not need any auction system to allocate foreign exchange or determine the optimal exchange rate. It is the high price of the U.S. dollar rather than the auction system itself which has killed the black market and stabilised the value of the currency.

Informed economists who take the trouble to research the economy could set such a rate that achieves those objectives while allowing the government to allocate the scarce foreign exchange on a priority basis and consistent with planning indicators of which sectors are likely to activate structural adjustment goals more fully.

Even if you kept the auction system you could still allocate shares of the foreign exchange on a sectoral basis and have bidding within each sector pool.

Deathlike stranglehold

Of course, like the new government in Peru, our government would need to find the political will to unilaterally reduce debt payments to ease its deathlike stranglehold on the economy to permit these policy measures fuller impact in breaking out of the recessionary hole it is stuck in by these neo-conservative IMF-World Bank policies.

Free market policies are the slowest and least effective way of engineering structural adjustment in an economy. A minimal level of sectoral planning is necessary as has occurred in the Far East. In place of the stampede toward deregulation and free market mechanisms we need

more careful sectoral planning of structural adjustment policies.

Seaga posturings, PNP lethargy

I am neither an economist nor a genius, but I am prepared to debate Mr. Seaga and any of his camp followers or the conservative monetarists that rational alternative economic policies to what is now being followed can be put forward. It is an insult to the intelligence of Jamaicans for the contrary to continue to be asserted.

These are just some brief and

random thoughts on policy alternatives to what Mr. Seaga is doing. But for him to suggest that the only alternatives are communism or extravagant populism is really quite ridiculous.

But let's face it, he is able to make that silly and misleading point because our opposition PNP have been sitting on their brains and waiting on voters to vote them back into power based entirely on discontent aroused by Seaga's austerity measures.

Between Mr. Seaga's posturing and the PNP's intellectual lethargy God help us.

Vaz Defense of Policies

Kingston THE DAILY GLEANER in English 12 Jun 85 p 1

[Text]

A defence of the Structural Adjustment Programme of the Government, as the only means of taking the nation out of the present economic difficulties, was made by the Hon. Douglas Vaz, Minister of Industry and Commerce, yesterday.

Speaking in the Budget Debate in the House of Representatives, the Minister said the Government honestly believed that there was no other course to follow. He said: "Adjustment has to be made, for too long we have lived beyond our means, and now we must cut our suit according to the amount of cloth we have."

"We have to experience the short-term pain for the long-term gain. There are, and will continue to be, many difficulties and problems.

"But while we acknowledge that there is no easier path than the one we are taking, I don't ever want us to trivialise the suffering of the Jamaican people at this time.

"There are many who have not eaten since this morning, many of them small children. Some who would want to listen and understand what I am saying, cannot do so because of hunger.

"Sometimes when you look at the harsh conditions under which people have to live, you realise that sympathy is not really enough. Yet what can we do except try to speed

up the programmes which will result in the restoration of health to the Jamaican economy?"

Mr. Vaz said he wanted to tell the consumers that he was on their side, and would continue to try as much as possible to cushion the price increases which were taking place.

"We should have a breather from dramatic price movements for basic foods if the (foreign exchange) rate remains fairly stable. The high duties which we have imposed on imported goods, except basic foods, is to protect the jobs of many in Agriculture and Industry."

Mr. Vaz had a special word of commendation for the workers of the country.

"When the history of the early Eighties would have been written, many kudos and praise would have to go to the Jamaican working class for its strength and dedication," he said.

"I salute the workers and consumers who are bearing the brunt of the adjustments being carried out."

Mr. Vaz said Jamaica was not the only country experiencing severe pressures, and he quoted an article in *Business Week* magazine which told of adverse economic conditions prevailing in Argentina.

"Housewives all over the world

are feeling the pressure as the world experiences the worst recession in fifty years," he said.

"The I.D.B. (Inter-American Development Bank) reports that, in the Latin American region, living standards have fallen to pre-1937 levels, so the pressures we are facing are not due to the wickedness of the Seaga Government.

"As far away as Turkey, inflation is 100% and *South* magazine reports that wages have fallen to

1963 levels. And if you think that the problem is just a capitalist one, check Angola, Mozambique and Tanzania.

"But for diplomatic reasons, I will say no further.

"Let us not politicise suffering, nor let us trivialise it. The people are suffering. But we offer the hope that their suffering is not in vain, and we are working as hard as is humanly possible to ensure this."

IMF Account

Kingston THE DAILY GLEANER in English 12 Jun 85 p 1

[Text]

Jamaica is at the top of the list of the top ten borrowers from the International Monetary Fund (IMF). In 1982 Jamaica's borrowings from the IMF amounted to 440 percent of its quota which is very close to the 450 percent effective ceiling, or the most countries are allowed to borrow from the IMF. The next highest ranking borrower is the Ivory Coast at 364 percent of its quota in 1984. Brazil, one of the world's biggest borrowers, ranked tenth at 292 percent of quota.

At December 31, 1984, Jamaica, through the Bank of Jamaica, owed the IMF US\$628.7 million which amounts to 86 percent of exports of US\$730.8 million in 1984.

The IMF debt amounts to 19.4 percent of total External Debt of US\$3,237.1 million.

In his opening presentation of the 1985-86 Budget debate Prime Minister and Minister of Finance, the Rt. Hon. Edward Seaga announced that Jamaica has completed the one year stand-by agreement with the IMF successfully after being granted two

waivers in the September and December quarters. In addition, he announced that an understanding on the terms of a new 20-month agreement to end March 31, 1987 had been reached with the IMF. This understanding will be submitted to the Board of Directors of the IMF for approval on July 15.

Under the new agreement Jamaica will be borrowing approximately US\$120 million from the IMF. "This being the full amount Jamaica's quota allows," the Prime Minister said. Having borrowed to its full capacity Jamaica cannot borrow more than the US\$120 million after the new agreement has expired in March 1987 unless it pays off some of the existing loans from the IMF.

Under the IMF rules, it is prevented from rescheduling its loans. When a country reaches its ceiling, or the most they can borrow, the IMF can lend no more as its loans cannot be rolled over.

In the event of a default, the member governments either have to stop lending to that country, or, at worst, expel it from the IMF.

CSO: 3298/810

JAMAICA

TEXT OF SEAGA BUDGET STATEMENT DEALING WITH AGRICULTURE

Kingston THE DAILY GLEANER in English 8 Jun 85 pp 15, 16

[Text]

THE AGRICULTURAL SECTOR HAS REBOUNDED WITH STRONG GROWTH ... and is expected to grow steadily over the next three years ... With increased acreage Winter vegetables could replace sugar as the number one earner in agriculture. The goal of growing our own food to feed our people which has eluded every Jamaican Government is now well within possibility ...

These were some of the highlights of the section of Prime Minister Edward Seaga's speech which dealt with agriculture as he opened the Budget Debate at Gordon House on Thursday night.

"One of the real keys to success is the availability of suitable land. Only 1.22 million acres of land exist in Jamaica which can be commercially cultivated. Approximately 200,000 acres are unused or underutilised. This acreage will be developed over the next three years under Agro 21. If more suitable land was available, Jamaica could be fully self-sufficient in rice, corn and soya," the Prime Minister said.

He also spoke on some areas of export production, but at the outset he said that the Minister of Agriculture, Hon. Dr. Percival Broderick, who speaks in the Debate next week, will outline the performance of the agricultural sector in detail.

The following is the Prime Minister's statement on the agricultural sector:

"The agricultural sector has rebounded with strong growth in the domestic sector, in particular, and some areas of export production. The Minister of Agriculture, who speaks in the debate next week, will outline the performance of the sector in detail. What is important here, is to note that the potential of the export sub-sector is now ready to produce on a scale of significant growth and, in addition, so too is the substitution of imported commodities by local production. This means that the agricultural sector can be expected to show steady growth over the next 3 years at least, arising out of the new areas of production which are beginning to emerge."

"I want to illustrate this point. The export of Winter vegetables is due to take a dramatic up-turn in this coming Winter season, rising dramatically over the past few years and as dramatically into the future providing the acreage under cultivation can be expanded substantially. The figures show production in increases in millions of pounds since this new export area started in the Winter of 1983/84, as follows:-

WINTER VEGETABLES	MILLIONS OF POUNDS EXPORTED	ACRES IN PRODUCTION
1982/83	3.7	1,000
1983/84	8.7	1,500
1984/85	17.0	2,000
1985/86	49.8	3,500

● "This means that, given the increase of acres in production, Winter vegetables could replace sugar as the number one earner of foreign exchange in agriculture within 3 years. I will return to the question of land shortly.

"Horticulture too, is about to show substantial increase in export earnings. Over the past year, 15 new investments were approved through JNIP, representing a 30% increase over existing acreage in production island-wide.

"Total acres in production of a number of other main export crops have been expanded substantially recently and are due for further expansion shortly.

CROP	EXPANSION PAST 2 YEARS	EXPANSION CURRENT AND NEXT 2 YEARS
Bananas	34,500 tons	160,000 tons
Coffee	6.0 M lb.	11.1 M. Lb.
Citrus	1.4M Boxes	2.6 M. Boxes
Cocoa	5,400 tons	9,000 tons

● "It must be clear from all this that the real take-off in agricultural export earnings is just beginning to emerge and will show dramatic increase over the next few years when the new plantings mature. For instance, banana exports will increase from US\$2.1 million last year to US\$13 million over the next three years. Coffee is also dramatic, moving from US\$8.0 million last year to US\$11 million over the same period. Like, with import substitution by domestic production of rice, soya, corn, meat and fish.

"Last October, I launched the Self-Sufficiency Programme as a sub-project of Agro 21. This project is the first attempt, which can be successful nationally, to feed ourselves by growing what we eat. The attempt of the past at so-called self-reliance was foredoomed to failure and never emerged beyond a feeble level of performance because our cost of production was much too high to compete with imports. It is only because the strategy of devaluation has increased the cost of imports very substantially why it is possible now to substitute local production. All previous attempts

were based on ill-conceived policies.

"The devaluation strategy has, therefore, opened a huge market for production of local grains, meat and dairy products with potential savings of US\$150 million.

● "The Self-Sufficiency Programme begins effectively this year, and over the next 3 years, it is expected to achieve total possible production nationally in these commodities and at that time imports will be completely replaced in meat and fish, 75% in rice, 54% in Soya, and 34% in corn or cassava substituting for corn. Beef/livestock 100%, Dairy 25%, fish over 100%.

"The goal of growing our own food to feed our people, which has been an elusive goal of every Jamaican Government, is now well within possibility at last!

"One of the real keys to success is the availability of suitable land. Only 1.22 million acres of land exist in Jamaica which can be commercially cultivated. Approximately 200,000 acres are unused or underutilised. This acreage will be developed over the next 3 years under Agro 21. If more suitable land was available, Jamaica could be fully self-sufficient in rice, corn and soya.

"To increase the amount of land available for commercial agriculture, and to reduce the risk of producing sugar for uncertain markets, it will be recalled that I announced on April 12, that production of sugar cane in Holland, Bernard Lodge, Caymanas and Innswood Estates would be replaced by Winter vegetables, rice, corn, soya, horticulture, fruits and the production of fish from ponds.

"The total acreage is 20,000 approximately, excluding a section of Innswood which would be retained in cane for a while. From this would be produced: Rice 8,400 tons 14% of imports
Soya 10,120 tons 16.8% of imports
Corn/Sorghum 28,840 tons 19.2% of imports
Horticulture 80 million tips
Winter vegetables 84,000 tons

"Apart from the very substantial production involved, the employment content is over 46,400 workers earning \$141 million in wages, when fully established in 3 years. The diversification of the Bernard Lodge, Caymanas, Innswood estates would be the largest single agricultural project in our history and the largest single employment project in the country.

● "This project will limit the production of sugar to what is required for the local market and to supply our commitments to the European Economic Community market, both of which are a certainty. What will be discontinued

is production for the U.S. and world markets, both of which are uncertain futures in quantity and price.

"Apart from this project which diversifies 20,000 acres of sugar cane, land availability is critical. The Government's policy is that all land owned by Government, which is capable of commercial production, is to be put into productive development by way of long-term lease to private interest and, where necessary, in joint-venture arrangements with the National Investment Bank of Jamaica (NIB). There are two vital considerations here to protect the national patrimony: Firstly, commercial type land must not be sold, so as to ensure that is never sub-divided into non-commercial units; hence the use of the lease instrument instead of sale, which also reduces the cost of initial out-lay by the investor who often invests too much to acquire land.

"Secondly, all such leases will be subject to agreement to development the land on the basis of an agreed farm plan which ensures that the land is never used in a manner contrary to the planned national interest, except where such changes are agreed.

● "A survey of all commercial land owed by Government, recently completed by the Ministry of Agriculture and Agro 21, shows the total avail-

able to be 65,000 acres. This land will be the subject of lease agreements to develop commercial export production on the basis of specific projects to be discussed and finalised by prospective leases with Agro 21, based on public advertisements which will be made on a timely basis as projects are prepared.

"Lest it should be considered that commercial type production means only large-scale farmers, I want to make it clear that the projects will encompass large, medium and small farmers depending on the crop and location. The feature common to all commercial projects is not the size of the farm or farmers, but the dedication of the total area of the land to the specific crop or crops to be grown, so as to achieve an economy of scale.

"It is also intended that some of the land will be available to persons not now in farming but who have the ability to master the specific crop so as to increase the number of farmers, bearing in mind that over the years the number of farmers was decreased steadily.

"In regard to the land not capable of large-scale commercial production but suitable for mixed cultivation on a small scale, it is the policy of Government to sell these lands to small farmers.

"Up to February 1985, under the Govern-

ment's Structural Adjustment Programme, 32,000 acres have already been sold freehold to small farmers by the Ministry of Agriculture.

● "In addition to this, 47,000 acres have been identified for freehold divestment to small farmers, over the next 3 years. Included in this category are 30,000 acres of land leased to small farmers by the former Government, under the Project Land Lease Programme, which will now be converted to freehold.

"Lastly, credit is essential to any programme of successful farming. Indeed, one of the main reasons for the surge in agricultural production is the consideration increase in credit available.

"The Agricultural Credit Bank, through commercial banks and the People's Co-operative Banks, has loaned, since the commencement of its operation in September 1982, \$133.65 million, or an average of \$50 million per annum. This compares with \$9 million per annum in available credit for agriculture through the Jamaica Development Bank (including SSFDP) in the 1970s.

● "This year, the Agricultural Credit Bank will lend \$124 million for agriculture," the PM concluded.

JAMAICA

GOVERNMENT IN TRADE, JOINT VENTURE TALKS WITH PRC

Kingston THE DAILY GLEANER in English 12 Jun 85 p 3

[Text]

Decisions were taken yesterday to expand trade and to examine a number of joint-venture projects in Jamaica between Jamaican and Chinese interests, following on talks held in Beijing by the Rt. Hon. Hugh Shearer during a six-day visit which began on June 6.

Jamaica's Deputy Prime Minister and Minister of Foreign Affairs and Foreign Trade held meetings with China's Acting Premier, Wan Li; Vice Premier Yao Yilin; the Minister of Foreign Economic Relations and Trade, Lu Xuejian; and Vice Foreign Minister, Zhu Qizheb.

An official report sent to Jamaica said the discussions covered a wide range of matters, including counter-trade, exchange of trade information, joint ventures, trade credits, commodity loans and the operation of the local cotton polyester mill at Old Harbour in which China is involved. and Guangzhou in Guangdong Province, where they saw a number of industrial and agricultural projects.

Mr. Shearer also had the opportunity of discussions with the Governor of the Province and with directors of a number of special economic complexes in each of the export zones.

Mr. Shearer expressed himself as being "deeply impressed" with the strides being made in the special economic zones.

Accompanying the Deputy Prime Minister on the visit were Mr. Frank Francis, Permanent Secretary in the Ministry of Foreign Affairs; Mr. Peter King, Chief Executive of the Jamaica National Export Corporation and Chairman of the Kingston Free Zone; Mrs. Corinne McLarty, Managing Director of Jamaica National Investment Promotions; Mr. Charles Pennycooke, General Manager of the Kingston Free Zone; and Mr. Billion Young Chin, Chairman of Ariguanabo Ltd.

Bi-lateral and international issues were also discussed.

At all the meetings, the visit of Mr. Shearer and his team of officials was described as "a positive and timely contribution" to the strengthening of relations between the two countries, as well as the opportunity to build up more contacts and trade between both countries.

As part of his programme, Mr. Shearer and his party visited Shenzhen

JAMAICA

ADVERSE TRADE BALANCE WORSENS; IMPORTS DECLINE

Import, Export Figures for '84

Kingston THE DAILY GLEANER in English 7 Jun 85 p 19

[Text]

The Statistical Institute of Jamaica (Statin) has released the External Trade for 1984.

The Provisional estimates for 1984 show that the level of imports was US\$1,183.2 million which is 0.2% below the targets set and 7.6% below the 1983 figure. In the export sector provisional estimates for total exports in 1984 was US\$745.3 million an increase of 8.6% over 1983.

The year was characterised by major policy decisions of the Government which had resultant effects on External Trade. Chief among these was the Structural adjustment programme which aims to revive the economy by making it more export oriented. A number of measures were introduced under the programme, of significance were the auction system and the removal of import quotas along with a drastic reduction in the number of items requiring Import Licence. These measures coupled with a tight monetary policy were intended to contain imports within targeted limits. Other measures were implemented to aid expansion of crops such as banana and coffee and increase local production of agricultural commodities such as rice and fish.

In addition the Caribbean Basin Initiative (CBI) "which had been introduced in the United States of America became effective and this encouraged a very significant expansion of the '807' programme.

"The net effect of the reduction in imports and the expansion of exports was an improvement in the Balance of Payments situation as the visible trade deficit improved from US\$595.2 million in 1983 to US\$437.9 million in 1984.

Imports

For the year 1984, the lower levels of imports was reflected in all the economic function categories. Compared with the targeted figures, non-fuel and non-bauxite imports, exceeded the target by 2.4 percent. Consumer Goods imports were over by 2.6 percent and this was largely the result of a 17.3 percent increase in imports of food, while imports of durables and other non-durables fell below the target by 10.1 percent and 18.6 percent respectively. Imports of raw materials also fell below the target by 7.9 percent with food for processing showing a 27.7 percent fall. Capital Goods imports however exceeded the target by 22.3 percent. Fuel imports by the bauxite companies was 2.4 percent below the target while, Non-bauxite fuel imports was 4.8 percent above.

Domestic Exports

Total Exports for 1984 were valued at US\$745.3 million which is US\$59.6 million or 8.7 percent more than 1983. It was however, still US\$23.2 million or 3.0 percent below the value of exports for 1982. Domestic Exports for 1984 amounted to US\$730.8 million, US\$57.7 million or 8.6 percent more than in 1983, but US\$15.8 million or 2.1 percent less than in 1982. Re-Exports were valued at US\$14.5 million in 1984 compared with US\$12.6 million in the previous year. This level of exports was less than was anticipated given the various measures to encourage expansion of exports. The 8.6% rise in the level of domestic exports in 1984

was largely the result of a 13.4% increase in the value of traditional exports as non-traditional exports went down by 8.0%.

Re-Exports

The value of re-exports increased by 15.0 percent moving from US\$12.6 million to US\$14.5 million. The increase of re-exports of machinery and transport equipment, chemicals and manufactured goods classified chiefly by materials were largely responsible for this upward movement. There was a decline in re-exports of food, crude materials, inedible except fuels, miscellaneous manufactured articles and miscellaneous transactions and commodities. All other categories showed an increase.

Caricom

Trade with Jamaica's Caricom Partners continued to decline. The worsening of trade with Caricom resulted from the administrative and foreign exchange restrictions introduced by some member States, along with the international recession.

Imports from the region amounted to US\$22.4 million or 37.2 percent less than the previous year. At the same time there was a 37.6 percent or US\$31.9 million decline in exports to the region. The net result was that the positive balance of trade with the region fell by US\$9.4 million. The lower level of imports was reflected in all categories of commodities.

1985 Picture To Date

Kingston THE DAILY GLEANER in English 11 Jun 85 pp 1, 3

[Text]

THE ADVERSE TRADE BALANCE deteriorated by 75.8 percent in the first quarter of 1985 compared to that of 1984.

Imports for the first quarter are up by 13.8 percent to a value of US\$338.0 million. To compound the deterioration, exports for the same period are down by 21.6 percent to US\$148.1 million.

The rise in imports and fall in exports resulted in the worsening of the adverse trade balance which went up from US\$108.0 in the first quarter of 1984 to US\$189.9 million for the corresponding period in 1985, an increase of US\$81.9 million which amounts to a deterioration in the adverse trade balance of 75.8 percent.

The substantial 13.8 percent increase in imports was triggered by a US\$49.7 million increase in imports of fuel which went up by 55.7 percent. This was due to increased imports of crude petroleum and finished petroleum products. Fuel imports amounted to US\$139.1 million in the first quarter of 1985 compared with US\$89.3 in the same

period of 1984.

The dramatic 55.7 percent increase in fuel imports in the first quarter comes against the background of a running down of inventories in the petroleum sector since late 1983 into 1984. This resulted in petroleum inventories averaging in the area of 12 to 14 days supply at the beginning of the year. Petroleum sources contacted by the Gleaner advised that there was a rebuilding of inventories in the first quarter of 1985 to bring them back closer to the 25 to 30 days considered normal.

The Statistical Institute Bulletin for March 1985 external trade reported that food raw material and 'other raw materials' declined over the comparative periods by 23.7% and 6% respectively.

Consumer goods imported amounted to US\$41.5 million, a nominal increase of 1.3% over the period under review. The increase in consumer goods imports can be attributed to an increase of 79.1% in the imports of consumer durables as a result of a rise in imports of motor vehicles.

There was a 4.4% increase in the imports

of Capital Goods, from US\$66.6 million for January to March 1984 to US\$69.5 million for the comparative period in 1985. Imports of 'Construction materials' and 'other machinery and equipment' all contributed to this upward movement.

Traditional exports declined by 38.8% over the comparative periods. This was due mainly to the continued decline in bauxite and alumina exports which fell by 64.5% and 34.5% respectively. Non-traditional exports went up by 7.9% over the comparative period under review. This was the result of a 262.2% increase in the exports of 'Mineral Fuels' and a 39.3% rise in exports of Miscellaneous Manufactures.

Caricom trade continues to decline. Total exports to the Caricom Region were valued at US\$9 million, a decrease of US\$1 million compared with the corresponding period in 1984.

Imports from the Caricom region were valued at US\$4.5 million a 54.1 percent decline over the corresponding period last year. There was a significant decline in imports of fuel from the region but imports of chemicals went up.

CSO: 3298/811

JAMAICA

PUERTO RICO MAY HELP WITH FUNDS FOR LOW-COST HOUSING

Kingston THE SUNDAY GLEANER in English 9 Jun 85 p 1

[Excerpts]

The Puerto Rican government has agreed to explore the possibility of utilizing special funds to assist with the financing of a low and medium cost house production plant in Jamaica, the creation of a secondary mortgage market, the exporting of completed low income housing units from Puerto Rico to Jamaica and the development of twin plant or joint production between Jamaica and Puerto Rico.

With respect of twin plant production, the Jamaica National Investment Promotion Limited is to stage a seminar in Kingston later this month.

According to a JNIP release, these decisions came out of the latest round of talks recently between Jamaica and Puerto Rico, on the utilisation of "936" funds for economic development through cooperation between Puerto Rico and Jamaica.

To further the Puerto Rico/Jamaica economic development programme, a Puerto Rican delegation arrived in Jamaica last Monday for discussions with the Minister of Housing, the Hon. Bruce Golding, and JNIP officials.

Out of these discussions agreement has been reached for the creation of a joint venture programme for the production of low/medium cost housing wherein the housing units will be 50% completed in Puerto Rico and shipped to Jamaica for final completion and erection.

CSO: 3298/811

JAMAICA

EXPORT RUM FILCHED, MAY BE USED TO MAKE HASHISH OIL

Kingston THE DAILY GLEANER in English 12 Jun 85 p 1

[Excerpts]

THOUSANDS OF GALLONS OF RUM have been stolen from Kingston Wharves, Port Bustamante, in a racket involving the sabotaging of bulk shipments exported abroad. In several cases up to a quarter of some 4,400-gallon tanks have been refilled with sea water.

It is suspected that the rum is used in the manufacture of "hashish oil".

A representative from J.T. Successors Limited, haulage contractors for the Monymusk and Long Pond Estates in Jamaica, told the *Gleaner* yesterday that the thefts had been taking place since last year. The thefts were also confirmed yesterday by Mr. H.S. Ive, Managing Director of Trelawny Estates Limited, shippers of the rum.

"We believe that this is an inside job," the representative from J.T. Successors said. "We think it is happening right here on the wharf. In some cases the seals have been tampered with. The tanks are compartmentalised,

and we suspect that the thieves break the hatch, tamper with the seals of the tanks, and use a hose to siphon the rum from the containers. This same hose is used to replace the stolen quantity with sea water. We think that the stolen rum is being used to assist in the manufacturing of "hashish oil."

The containers or tanks storing the rum are sealed by a Government Excise Officer at the sugar estates — Monymusk and Long Pond. A Government escort accompanies the trucks that transport the tankers to the Kingston Wharves. It is against this background that suspicions surrounding the contamination of the tankers is centred on the Kingston Wharves and not the sugar estates or by road haulage.

CSO: 3298/811

JAMAICA

VAZ WARNS FOREIGN INVESTORS AGAINST 'SWEAT SHOPS'

Kingston THE DAILY GLEANER in English 24 Jun 85 p 2

[Text] While Jamaica was "very hospitable" to foreign investment, any foreign investor who was not interested in the welfare of Jamaicans and who did not treat them with respect and dignity would have problems with this Government, the Minister of Industry and Commerce, Hon. Douglas Vaz has said.

Mr. Vaz was speaking as he opened Jamaica's second Export Free Zone in Montego Bay on Thursday.

Mr. Vaz said "we are not interested in sweat shops. Our people have struggled too hard and have made too many sacrifices to go that route." He said that the very founder of the party which formed the Government, Sir Alexander Bustamante, would turn in his grave if the Government were to betray him in this respect. He said that the exchange rate was competitive enough for "good rates" to be paid to workers by exporters.

"Everyone should know that contented workers are better producers and make contented exporters", he stated. He said that he wanted everyone to know that as much as he was pushing the export thrust, he was firm in the view that the worker must benefit and take his rightful place as an integral and important part of the production process.

Minister Vaz said that economic growth was not an end in itself and that it should benefit people. He said that one of the major benefits of Free Zones was the cre-

ation of rapid employment which was sorely needed in an economy like Jamaica's.

Mr. Vaz said the opening of the Free Zone in Montego Bay was evidence of the Government's commitment to the decentralisation of development. He said that because tourism was subject to wide fluctuations, the Government had to expand manufacturing in the West. "By broadening the base of the economy of Montego Bay, we are ensuring that if things get rough in the dominant sector, people have something to fall back on," Minister Vaz said.

Mr. Vaz announced that Akon, an apparel company now employing 130 workers had requested an additional 30,000 sq. ft. of factory space. Three other companies are expected to move into the Free Zone by the end of the year.

The Minister also said that the estimated demand for factory space in the West now exceeded 200,000 sq. ft. He said the JIDC would build approximately 75,000 sq. ft. of factory space in the 1985/86 period. Approximately 147,000 sq. ft. of factory space would be provided in the Free Zone.

Mr. Vaz also informed that two factories of 25,000 sq. ft. each are to be completed in the Montego Freeport by the end of the year. Also, a 15,000 sq. ft. small industries complex would be constructed at Gledenvon shortly. He said these facts signalled the "virtual revolution" which had taken place in industry in the West.

CSO: 3298/862

25 July 1985

JAMAICA

'OUTREACH' PROGRAM IS DESIGNED TO HELP SMALL FARMS

Kingston THE DAILY GLEANER in English 22 Jun 85 pp 21, 23

[Text] **A**N OUTREACH PRO-
GRAMME based on Agro 21, has been designed for small farmers who have the potential to become viable, or who have viable operations. The major objective is to develop a flow of technology from larger, more modern technology to the small farmers' operations.

Declaring that the Government was extremely aware of the fact that small farmers have been the backbone of agricultural production in the country for a very long time, the Minister of Agriculture, Hon. Dr. Percival Broderick told the House of Representatives on Wednesday, June 12, that the continuity with which the small farmers "remains out there in spite of odds is nothing short of phenomena." It is for this reason that the Government would like the small farmer to better equip himself through improved technology to be able to continue production to meet challenges and the competition which he will undoubtedly face in the future.

"For small farmers who have the potential to become viable or who already have viable operations, we have designed an Outreach Programme based on Agro-21: the major objective of which is to develop a flow of technology from the larger, more modern operations."

He then outlined the following:

● THE 'SMALL FARMS' PRO-

GRAMME, seeks to maximise production from unutilized and under-utilized lands, and will include intensification of production on owner-operated holdings within specified areas.

● IT WILL ALSO INVOLVE the introduction of new crops on a monoculture basis for both import substitution and exports, on both owner-operated properties and utilized lands. All the necessary technical and financial support will be provided to facilitate production.

● WHAT IS BEING ESSENTIALLY DEVELOP is a production centre concept which will be of three types. Those which are based on Government owned lands; those based on lands already under the ownership of farmers; and those operating on the basis of a "Mother farm" concept, as in the case of Spring Plain, where a number of farmers are now obtaining inputs and assistance in development of technology and in marketing produce through their relationship with Spring Plain.

● THE MINISTRY OF AGRICULTURE will provide technical support for this programme, through the development of appropriate cropping systems and the preparation of farm plans. The crops selected are on the basis of proper land-use, and also on market availability.

47 GOVERNMENT-OWNED PROPERTIES

Considerable progress has been made in the identification of potential production centres, and approximately 47 Government owned properties have been assessed as being suitable for the development of centres. In addition to an estimated 7,000 acres on the undivested portions of Midlands properties, are now available for the programme.

● ALREADY crop profiles, lot sizes and

implementation proposals have been prepared, and a project profile is now being prepared by the Planning and Policy Division. This project will commence this year.

● THE ASSIGNMENT of extension staff to these production centres will then enhance the project-orientation direction of the Ministry of Agriculture.

Elaborating on the performance of the Mother Farm/Statellite Concept, as this appears to be the area with the greatest potential for rapid development in the short run, Dr. Broderick told the House:

"During the Fall of 1984, Jamaica Agro Products (Spring Plain), entered into contractual arrangements with selected farmers to grow specified vegetable crops for the United States and European Winter markets. Since the packing house and grading facilities are located at Spring Plain in Clarendon, the contract growers were selected from Clarendon, St. Catherine, St. Elizabeth, St. Thomas and a small number in Manchester.

"The crops contracted were — sweet pepper, cherry tomato, zucchini (squash), honey dew melon, melons and string beans.

"The contractual arrangements included the provision of seeds and seedlings on a credit basis by Jamaican Agro Products and the purchase of the produce at agreed prices at Spring Plain. Technical support to farmers was provided by a team of specialists from the Ministry of Agriculture, including Agronomists, Pathologists, Entomologists, Marketing Officers and Extension officers.

"Credit for land preparation and inputs was also arranged through the P.C Banks.

"The programme got off to a late start, but despite this, some 246 farmers were able to participate and put some 430 acres into production to meet the season.

It was estimated that approximately 1,750 tons of exportable vegetables were produced but only 350 tons were exported as could be expected, the programme had some teething problems...

"And here again", the Minister said, "you can see the direction of our extension of the future."

CSO: 3298/862

JAMAICA

SUGAR GROWERS ADOPT PROPOSALS FOR GOVERNMENT POLICY

Kingston THE DAILY GLEANER in English 26 Jun 85 p 18

[Text] A militant gathering of placard-bearing cane farmers, who journeyed in buses and cars from across the island on Monday to take part in a mass meeting at Denbigh in Clarendon called on the Government to "declare a sugar policy early, as a guide to the industry."

Several of those who spoke accused Prime Minister Edward Seaga of "by-passing the local sugar industry leaders and technical personnel and accepting the advice of foreigners".

The Prime Minister was also accused of giving inaccurate information during his closing speech in the Budget Debate. One cane farmer, Mr. Ken Newman, who is also President of the Jamaica Association of Sugar Technologists, said that in his Budget speech, the Prime Minister had credited Tate and Lyle with the improved performance at Frome. This, he said, "was not entirely true." Secondly, a committee appointed by the Sugar Industry Authority to look into certain figures on Bernard Lodge factory provided by Tate and Lyle, had concluded that

the figures "were grossly padded" and could not stand up to close scrutiny. "It was," said Mr. Newman, "as if the whole thing had been programmed to demonstrate that Bernard Lodge is really not viable." This, he said, was difficult to understand when, only a few months before, figures on the factory's operations had shown that Bernard Lodge was "even more viable than Monymusk."

Led by the Chairman of the All-Island Jamaica Cane Farmers' Association, Mr. T. George Mignott, the cane farmers criticized the proposal to close Bernard Lodge; and they called for re-opening of Gray's Inn factory. "We are the people who are feeding this country; and we have to live too. We are not asking for videos; we just want a comfortable livelihood. And when we leave here today, if we do not get what we want, we intend to continue to protest.... Maybe, we will have to march," said Mr. Mignott to thunderous applause.

The recommendations which should form the basis of the Sugar

Policy, and which were unanimously approved by the gathering were:

1. An annual production target of 275,000 tons (for which there is an assured market for 235,000 tons).

2. Government must use all undeveloped and under-developed lands in their possession before taking any lands out of sugarcane.

3. Upgrade the irrigation schemes of Rio Cobre and Mid-Clarendon and provide other irrigation facilities where they are necessary throughout the country.

4. Special rate of electricity for farming.

5. Loans for cane farmers to be available through the sugar factories.

6. When lands are divested, such lands must be placed at the disposal of farmers.

7. Re-open Gray's Inn factory in order to utilize cane for raw material to produce ethanol, propane gas, fibre, paper, animal feed, etc.

8. Pursue at Bernard Lodge the continuation of the cane separation project.

9. No sugar factory to be closed. However, if it becomes necessary, five years' notice must be given prior to closure.

10. As sugar industry is now operating in a market revenue scenario, all revenues from sugar and its by-products should remain in the sugar industry.

11. Facilities should be provided whereby the foreign exchange required by the industry is more readily accessible.

12. Government must consult with the farmers before making decisions which will affect the industry.

13. Association to be informed about present position of Tate and Lyle management team and its future.

14. The industry leaders to be consulted in all matters affecting the industry.

15. Government be requested to declare a sugar policy early as a guide to the industry.

Also addressing the meeting were representatives from all major sugarcane-growing areas of the island. They included Messrs. E.V. Shepherd from Duckenfield, St. Thomas; Ken Newman and Calvin Wright from St. Catherine; Ken Haughton (Vice-Chairman, AJCFA) of St. Mary; K. Laing and Vincent Webb from Westmoreland; A. Buchanan of Hanover; Donald Anderson of Long Pond and Norman Watson of St. Elizabeth.

CSO: 3298/862

JAMAICA

TWIN-PLANT ARRANGEMENTS WITH PUERTO RICO EYED

Kingston THE SUNDAY GLEANER in English 23 Jun 85 p 1

[Text] The Governor of Puerto Rico, the Rt. Hon. Rafael Hernandez Colon, who is paying a two-day official visit to Jamaica this week, on Wednesday and Thursday, will seek to establish twin-plant production between Jamaica and Puerto Rico.

His talks with Prime Minister Seaga on several areas of mutual interest are to include the development of twin plants between Puerto Rico and Jamaica.

On Wednesday, he will address a twin plant 936 seminar being hosted jointly by Citibank (Puerto Rico) and the Jamaica National Investment Promotion Limited. The seminar, which is expected to attract participation from some 50 manufacturers, in addition to representatives from local financial institutions, will be held at the Jamaica Conference Centre.

Less Cost

The twin-plant concept is the production of manufactured items between two or more countries. It involves the partial production in one country, and the completion in another.

According to a J.N.I.P. news release, the twin-plant production seeks to take advantage of the relative cost, market and technological advantages of the countries involved. For example, the relatively high minimum wage in the United States and Puerto Rico makes other countries more competitive in labour-intensive industries.

Hence total cost can be minimized by locating the labour-intensive portion of a company's operations in Jamaica or other Caribbean countries; and the more highly-technical, capital-intensive aspects in Puerto Rico.

So far, sectors targeted for development under the twin-plant arrangement are garments, electronics, furniture, leather-work and pharmaceuticals.

Also down to address the seminar on Wednesday is the International Trade Coordinator for Citibank, Miss Hanni Von Metzgar. She will present a paper on "Financing Trade Between Puerto Rico and Jamaica." Miss Von Metzgar's presentation will highlight the benefit that Jamaican companies may derive from doing business with Puerto Rican companies; as well as the financial assistance available to Jamaican companies from the Puerto Rican Government.

CSO: 3298/862

JAMAICA

BRIEFS

CEMENT PRICE INCREASE--The price of cement has been increased, the ex-factory price going up from \$17.57 to \$23.45 per 100-lb. bag. The retail price goes up from \$20.43 to \$27.27 in Kingston and St. Andrew to a maximum \$29.55 cents in the western parishes of Trelawny, St. Elizabeth, St. James, Hanover and Westmoreland. The retail price in the other parishes is \$28.41. According to Cement Company chairman Mr Paul Matalon, the increase is necessitated by the exchange rate movements over the past 12 months. When the price of cement was last fixed, the exchange rate was US\$1 = J\$3.40. The exchange rate is now US\$1 = J\$5.62. The price of cement was last increased in April 1984. According to a release from the Cement Company, "the areas mostly affected are fuel, interest and bags." Fuel at present represents 51 percent of the ex-factory price (\$17.57) of a bag of cement. This compares with 34 percent at the time of the last price increase. Fuel cost has actually been increased by 50 percent. Interest charges have increased by 53 percent and the cost of bags has increased by 37 percent. "The increase in price will restore the company's viability and allow it to earn only a return on nine percent per annum on capital employed. The new price of \$3.45 compares favourably with the cost of imported cement at \$26 per bag ex-warehouse price in Jamaica from the cheapest source." [Text] [Kingston THE DAILY GLEANER in English 22 Jun 85 p 1]

NEW DOLLAR SLIDE--Kingston, July 3--The Jamaican dollar, in a renewed slide against the U.S. dollar, slipped a further three cents at the Central Banks latest exchange allocation and parity-fixing auction here. Commercial banks today began selling the U.S. dollar at J5.67 dollars--the rate at which the auction cleared yesterday--and according to the rules are buying four cents lower. The Jamaican dollar in recent weeks resumed its downward drift after holding steady at around J5.50 to one U.S. dollar for a few months. [Excerpt] [Bridgetown CANA in English 1551 GMT 3 Jul 85 FL]

CSO: 3298/862

MEXICO

CHIAPAS: BISHOP RUIZ PRAISED AS 'NEW LAS CASAS'

Mexico City DOCUMENTACION E INFORMACION CATOLICA in Spanish 23 May 85, pp 387
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[Homily in celebration of the silver anniversary as bishop of Msgr Samuel Ruiz Garcia, bishop of San Cristobal de Las Casas, Chiapas, delivered by Msgr Bartolome Carrasco Briseno, archbishop of Oaxaca, 25 Jan 85; for an earlier report on this event, see JPRS LATIN AMERICA REPORT of 16 May 85 JPRS-LAM-85-043)]

[Text] Editor's Note: We admit to publishing this document replete with significance after some delay. Not only does it convey sincere congratulations to Msgr Samuel Ruiz, who has played a prophetic role "often performed amid contradictions," but Msgr Carrasco also underscores the effort for collegiality among bishops expended by the present bishop of San Cristobal. In giving an historical account of the evangelizing activity in that area, he describes the various situations and challenges that the pastors have had to confront. The complete text sent to DIC is as follows:

"Now I kneel in the presence of the Father, from whom every family in heaven and on earth takes its name, that out of the treasures of his glory he may grant you strength and power through his Spirit in your inner being; that through faith Christ may dwell in your hearts in love. With deep roots and firm foundations, may you be strong to grasp, with all God's people, what is the breadth and length and height and depth of the love of Christ, and to know it, though it is beyond knowledge. So may you attain fullness of being, the fullness of God himself." (Eph. 3: 14-19).

1. Not out of a desire to lend artificial enhancement to this celebration (which does not need it), but rather because, in fact, I sense it, I have consciously taken the aforementioned text of St Paul; because I think that these words, inspired by God, express most accurately the ideas and feelings stirring within me on the occasion of the event which gives this eucharistic celebration special meaning: the 25th anniversary of episcopal ministry of our brother Samuel. Therefore, I dare directly address you, Samuel, to tell you that your joy and the joy of your diocese over this auspicious event is also my personal joy and that of the bishops of the Province of Oaxaca who, together with you, comprise the South Pacific Region. Moreover, this joy transcends the borders of our region and even those of our nation; because the enthusiastic presence of several

fraternal bishops of Mexico and Latin America, as well as the presence of representatives from other churches of the world and of so many others who have come from near and far to express their esteem for, and solidarity with you, clearly attest to it.

2. We, bishops of this region and, in particular, the archbishop of Oaxaca, feel profoundly identified with you, not only now, but in the daily journey of pastors with the People of God. Nevertheless, by this I do not mean that there are no differences among us. There are, and at times deepseated ones; but we always attempt to accept them responsibly with the liberty of the children of God, who are trying to find Truth in Love, as St Paul teaches (cf. Eph. 4: 13-15), and with a healthy plurality.

3. In our role as pastors, it is not always easy to experience and harmonize the threefold function entailed today by being the historic presence of Christ, leader of his people: serving simultaneously as priest, servant-guide and prophet of the community. It is a challenge put to us by the Lord of history, the "Good Shepherd," from the time that, through designs in his plan for salvation, he formed us within our mothers, and consecrated us for himself; and also from the time that we freely and consciously agreed to cooperate with Him in his work.

4. Like Jeremiah and all the other prophets who were called by the Lord, we too have been filled with the fear of not responding adequately to the Lord; for we realize that the magnitude of what He demands always surpasses the weakness of our human resources. But he makes use of our weakness, precisely, to show his power more clearly. Hence, as Jeremiah has told us and keeps repeating to us: "Do not call yourself a child; for you shall go to whatever people I send you and say whatever I tell you to say. Fear none of them, for I am with you and will keep you safe. This was the very word of the Lord." (Jer.1: 7 s). Backed by this unfailing word of the Lord, Jeremiah undertook with assurance the difficult task of being a prophet at his people's most anxious times. Based upon the same words, you have also undertaken the demanding position of being the pastor of this portion of the people of God in Chiapas, amid historical circumstances which may differ very little substantially from those undergone by Jeremiah 3,000 years ago.

5. With you, we pastors of this region have attempted, not without shortcomings, to accept in our lives and actions the pastoral guidelines that the Lord gave his apostles, as was proclaimed in the evangelical portion of this Eucharist. As a poor Church, which has only poor resources, realizing that we have been sent to a complex reality wherein the wolves devour the lambs, in this historical context we wish to learn how to be as innocent as the dove but also as wary as the serpent (cf. Mt. 10: 5-16).

6. None of the bishops of the region have attempted to leave their personal mark in this respect. We have attempted to materialize collegiality among the bishops in a collegial group which operates as a team. In my opinion, you, Samuel, have typified yourself by accepting, with complete consciousness, the never pleasant role of being a prophet and a forger of prophets in your diocese.

As we said at Puebla: "Assuming such a function has been difficult work for the pastors. We have tried to be a "voice of those who have no voice," and to give testimony to the Lord's very favoritism for the poor and those who suffer. We believe that (for this reason) our people have felt closer to us. We have certainly succeeded in enlightening and assisting. We also certainly could have done more." (Puebla '79, No 268).

7. In performing the prophetic role, carried out often amid contradictions, you have succeeded in impregnating your diocese with a new ecclesial vitality, which has evoked the admiration and stimulation of other churches, both native and foreign. In fact, the South Pacific Region is the one most benefited with this richness of your prophetic presence; for which we are deeply grateful to God our Father.

8. Nevertheless, at this point it befits us to make an explanation to those who, I assume in good faith or without an accurate understanding of the reality, have exaggerated your influence in the South Pacific Region, and have distorted the truth by claiming that you were the "ideologue," and leader of the pastoral process in our region. God, you and we know that this is not so; because we bishops of the South Pacific Region have attempted to be a collegiate team trying to respond to the historical realities of our area, with mutual proposals seeking to integrate and respect the plurality of existing pastoral theological movements, without breaking the collegiate unity which we have been attempting to heighten increasingly since 1977. In this effort, we have confirmed your capacity for dialogue and for working as a team. In the dialoguing service with the people, we have experienced personally what the Holy Father stated in his first encyclical: "It is a noble thing to be predisposed toward understanding every person, analyzing every system, agreeing with everything that is just; this does not in any way mean losing the certainty of faith itself, or debilitating the principles of morality, the lack of which would be felt in the lives of entire societies, bringing, among other things, regrettable consequences...We approach all cultures, all ideological concepts and all people of good will. We approach with that esteem, respect and discernment which, since the time of the Apostles, have marked the mission attitude and that of the missionary...with a sense of deep esteem for what there is in man...respect for all that the Spirit which 'breathes wherever it wills,' has worked in him" (John Paul II, Encyclical "Redemptor Hominis" [Redeemer of Man], 6: 12).

9. It is a truth which we cannot deny that your prophetic attitude and the pastoral process of the South Pacific Region have created of our region, among many sectors of the Church and the society, an image which, on the one hand, has produced a great movement of solidarity such as the one being shown now; but which, on the other hand, has created rejection, animosity and sometimes even direct attacks among certain sectors. As archbishop of this Province, I ask forgiveness for those from whom such animosity, rejection and attacks have come, particularly when they have been brothers in the faith or even those sharing the same pastoral task with us. Because I think that their positions have at times not fulfilled the demands for Christian charity or even of

brotherly reproof. I also ask forgiveness because, on occasion, I myself have not succeeded in being courageous and accompanying you and other brother pastors sufficiently when they have found themselves attacked by adversity; because, as metropolitan, I have not made them sense the spirit of collegiality that we have created in the realm of declarations. I similarly ask forgiveness because the statements and proposals made in the realm of documents far exceed the incipient, faltering progress of my archdiocese.

10. Samuel, I would now like to express a few thoughts that I consider useful for a better understanding, not only of your prophetic action, but also of the pastoral process in this region to which the Lord, without our deserving it, has sent us to exercise the episcopal ministry. Oaxaca and Chiapas, the southernmost territory of the Mexican Republic, holder of extensive mineral, forest, oil, maritime and agricultural resources, and heir of the greatest cultures developed on the American continent: the Mayan and the Mixteco-Zapoteca, have also been, during the past 500 years, the scene of the greatest human injustices and cruelties.

11. Prompted by the greed for gold, in 1521 unmerciful Europeans arrived in this region, looting, massacring and subjugating entire peoples. Their infamous representative was Pedro de Alvarado, notorious for his cruel acts. Along with him there also arrived intrepid missionaries, who established the faith, not always with the proper respect which these cultures deserved. But in those extremely difficult historical times of the conquest and colonization, the Church had a presence and became consolidated in this area. In 1535, the diocese of Antequera (now Oaxaca) was created; 10 years later, the diocese of Ciudad Real (now San Cristobal de las Casas was built, both for the purpose of bolstering, by faith, the great enterprise of the evangelization of the New World. Nevertheless, the reality of the people, which is a theological fact, very soon won over distinguished members of these churches and caused them to turn against the colonial system. From allies of the authorities, these pastors became staunch defenders and protectors of the Indian cause.

12. Aligned in this were the majority of the Dominican friars, to whom our region's churches owe the seed of the Christian faith. But the one who was the champion of this anticolonialist struggle was Fray Bartolome de Las Casas, most worthy first bishop of this diocese of San Cristobal. Having himself experienced the taste of the spoils from the Conquest, for he had taken part in several expeditions and received land and Indians in the form of an "encomienda" [grant of Indian tribute, and initially labor made by the Spanish crown to a favored settler in return for his contributing to the colony's defense and seeing to the Christian conversion of the Indians in his charge], at the age of 40 he was touched by the Lord to discover that the sacrifices made to God with goods stolen from the poor are an iniquity (cf. Ecclesiastes 34: 18-20). It was then that his life changed drastically. From an "encomendero" [holder of an "encomienda"], he was converted into an unrelenting defender of the Indians.

13. The next 52 years of his life were for Bartolome de Las Casas a constant, sustained, prophetic struggle against the injustice of the prevailing social

system and on behalf of the Indians' rights. In all possible forums and with all the lawful means at his disposal, this prophet, in a single period of time, gave battle in his time to the Pope and his representatives, to the Spanish king and Cortes, to the "audiencias" [multimember crown courts in the colonies possessing judicial and some legislative and executive powers] and at the pastoral meetings, with legal, theological and scientific arguments. At all times with an incorruptible and unbending desire, Bartolome de Las Casas attempted to change the course of events so that they would become adapted to God's salvific design.

14. To many, Bartolome de Las Casas may perhaps still be a deluded idealist, who refused to understand his times and who was foolishly opposed to the inexorable progress of history. And therefore he failed. Nevertheless, to us, the Church and pastors of this region, he is a prophet, a genuine prophet on the level of Elijah, Amos, Jeremiah or John the Baptist who, once they had grasped the will of God and decided on its option, were consistent all their lives with this commitment assumed to its final consequences. Bartolome de Las Casas did not fail completely. He succeeded in making personal conversions, laws to defend the Indians, and Indian pastoral plans, and he marked out a prophetic line in our Latin American Church which, although it lost strength after the prophet's death, was not obliterated entirely and still endures and lives in our day. Although, in the end, the logic of the anti-evangelical world held sway, the voice of the prophet continues to be the thorn which does not allow tasting the fruits of sin as one pleases.

15. We bishops of the South Pacific Region feel, in a way, that we are heirs of Fray Bartolome de Las Casas' prophetic career, although we admit that we lack enough of the courage, constancy and consistency that the first bishop of this locality had. In the future, he will continue to be a model for us present-day bishops.

16. As the present Pope remarked during his first visit to Latin America, after him his cause was taken up again by "those religious who came to preach Christ the Savior, to defend the Indians' dignity, to proclaim their inviolable rights, to foster their complete advancement and to teach brotherhood as humans and as children of the same Lord God and Father...If we want to pay deserved tribute to those who transplanted the seeds of the faith, that tribute must first be paid to the religious orders which distinguished themselves, even at the cost of sacrificing their martyrs, in the evangelizing task, especially the Dominican, Franciscan, Augustinian and Mercy religious, and later the Jesuits, who created a leafy tree from what had sprouted from meager roots." The Pope continues: "They are lessons in humanism, spirituality and a desire to dignify man which have been taught us by Antonio Montesinos, Cordoba, and Bartolome de Las Casas, who would also be imitated elsewhere by Juan de Zumarraga, Motolinia, Vasco de Quiroga, Jose de Ancheta, Toribio de Mogrovejo, Nobrega and many others. They are men in whom throbbed concern for the weak, for the Indian, individuals worthy of all respect as persons and as carriers of the image of God, destined for an all-important vocation. From this source there would come the first international law, with Francisco de Vitoria" (John Paul II, Speeches in Santo Domingo).

17. For a very long time, the missionary activity of our churches in the South was typified by an itinerant evangelization. Using the convents and parish churches, which were strategically distributed throughout the entire territory, only as resupply centers, the missionaries and parish priests circulated through all the towns without establishing residence in them, transmitting the Christian faith. This method, which made it possible to cover a very large area, necessarily demanded a transfer of the pastoral responsibility to the people during the periods of time (which were in the majority) that the missionary was absent. In the region, this resulted in churches with deep popular roots, inasmuch as it fostered the Indian appropriation and embodiment of the Christian values proposed by the missionaries. Perhaps without much precision, but with a vast endeavor on the part of the Indian collaborators of the European evangelizers, in other words, the "rezanderos," the "mayordomos," the "topiles," the "fiscales" and many other holders of positions created or assimilated by the Indian communities, the church in this region was assuming its own features.

18. The people's appropriation of the faith was such that, even in our time, there endures the sentiment that the real owner of the church, of the images, of the religious feasts and of everything associated with the faith, is the people. The clergy were nothing more than a servant of those people. They were allowed to participate insofar as they fulfilled and were geared to the people's demands regarding religious life. If these servants did not subject themselves to the people's requirements, the latter felt attacked and either overtly or covertly rejected that detrimental interference. From the origins of the evangelization in Mexico, wherein the celebration of the faith, with its content of Western symbols, became imperative, the people have protected their own experience of faith, through what we are now in the habit of calling popular religiosity, which the Puebla Document and the Mexican Bishops Conference have so vigorously taken up again in recent years.

19. After the first years of aggressive missionary endeavor, a considerable decline occurred in the region, due, among other things, to the power struggle which took place between the various religious orders established here, and between the latter and the bishops seeking an increase in a clergy of their own, dissociated from the religious. It was also due to the frequent battles that the pastors had to wage against the civil authorities. However, this was a favorable period for the effort to appropriate the faith which the people were carrying out.

20. Involved in these problems which kept it apart from the people's process, not all the pastors of the church hierarchy in our region realized the importance of the libertarian movements which were instigated in the country during the time of independence. Moreover, they used their religious power in an attempt to abort such movements and when, with the victory of the independence struggle, the foundations were laid for a free country, one of the Oaxacan pastors did not hesitate to join the group which went to bring in a foreign emperor to rule us. Without considering the historic reality, some pastors at that time caused the civil authorities to deal the Church one of the hardest blows of its life. We are still feeling the consequences now: This being a country with a Catholic majority, the church institution is legally excluded from any possibility for action, despite the change in the historic realities.

21. I am not saying this because I yearn for the Church to have positions of power that it had previously, but rather to point out that, in essence, we pastors ourselves have been the ones causing this situation which we now regret, due to positions assumed regarding the course of our nation's history which have no association with the Gospel or with the prophetic mark left by the first evangelizers in this area.

22. In 1891 the diocese of Tehuantepec was created, and Oaxaca became the seat of an archbishopric, having suffragans, also, in Tehuantepec, San Cristobal, Tabasco, Yucatan and Campeche. This event marked a new era in the history of the region, because an attempt was made to move from the itinerant pastoral work to a pastoral work with a more permanent clerical presence based on the secular clergy, because the religious had already withdrawn from here or had reduced their activity. New churches and parishes were built; convents and seminaries had intensified activity; missionary reinforcements arrived from abroad; the secular clergy increased. Nevertheless, these efforts failed to succeed. Again, the historic circumstances prevented results; because the Mexican Revolution and later the religious persecution were responsible for ruining the pastoral plans of our churches. With its human resources overly reduced, the pastoral endeavor continued to be itinerant, with an increasingly declining quality. Meanwhile, the people kept maintaining the vitality of the faith with their traditional mechanisms.

23. It was not until 1950 that a recovery began again in this region's pastoral endeavor. Missionary reinforcements from other dioceses of the country and both male and female religious congregations made their appearance, going primarily to the rural areas. Starting in 1960, this pastoral awakening became institutionalized with the creation of new dioceses that attempted to respond to the particular geographical and cultural features of the region. San Andres Tuxtla was broken off from Tehuantepec; the diocese of Tapachula was created, and later Tuxtla Gutierrez, the prelature of the Mixes, the prelature of Huautla de Jimenez and, more recently, the diocese of Tuxtepec.

24. It was a time when the itinerant evangelization was abandoned and there was a struggle for a permanent pastoral activity in the communities. In this way, a pastoral authority was institutionalized and consolidated, which at first succumbed to the temptation of considering the people and enemy to be conquered; not realizing that the previous endeavor had left to the latter virtually all the responsibility for the maintenance of religious life, through the popular religiosity and the traditional mechanisms of the Indian culture. In an evangelizing activity modern in its methods but rather inconsistent with the prophetic line and option of the first evangelizers, the pastors then appeared to be more coordinators of a campaign for reconquest wherein the people would be the prey to be won over and controlled than promoters of a Gospel to liberate the people. Perhaps not consciously, but actually, an effort was made to take from the people the power over their religious life, so as to turn it over to an only nascent hierarchy.

25. However, once again reality, like a crucible which purifies, caused a change in the pastors. We soon realized that this was a mistaken course of action and that the people's inalienable right to be the director of their own evangelization process must be upheld, and that therefore we had to assume the role of servants in this process. Vatican Council II helped us enormously in taking the definitive step toward the people. Medellin and Puebla were further spurs for us.

26. Pressured by the historic circumstances, in 1977 we started publicly voicing our pastoral concerns, and in this way we shaped ourselves into an ecclesiastical region with its own voice within the Church. And when our prophetic statements began being a cause of tensions inside and outside the Church, and it seemed that the smouldering flame might be extinguished at any moment, there arose a powerful light which kindled our wick again: the Pope's visit to our region.

27. The analysis that we made of this event prompted us to declare: "It is an undeserved occasion of honor for us that His Holiness should be here present, together with the Indians and peasants who in our society are 'the poorest of the poor.' It was the palpable manifestation of Christ's favoritism for 'the littlest ones' of his Kingdom, and of the sincere support from the universal father and pastor to these local churches which want to commit themselves to more effective pastoral service geared to the needs of the Indian and peasant communities" (Easter Message of 1979, 11). Since then, feeling that we are backed by the Pope, we have been proceeding with more security and persistence, not without obstacles, in our pastoral work, seeking a greater consistency of life and action with the demands of the Gospel of Our Lord Jesus Christ and with the historic demands of our people. We have dealt with common problems: repression, refugees, the drug traffic; and we have made common theological and pastoral proposals regarding the reality, the poor and the political participation of Christians in national life. This has earned us both the appreciation of many and the animosity of quite a few.

28. Samuel, this is the historic time in which we find ourselves now, "making paths while traveling," and at the same time following the tracks, sometimes already eradicated by time, of those before us who performed the episcopal task here. We are not prompted by either a desire for novelty nor a search for personal prestige. God knows this. Hence, the obstacles along the way must not frighten us. We should be more concerned if our passage received no comment. I give thanks to the Lord this day for your dedication to the cause of the Kingdom, for your desire to seek new, appropriate ways for the only Church of Christ to live; because you have dared to open or resume paths, running the risk of being mistaken or perhaps being mistaken, and hence the possibility of making corrections as many times as necessary, or of being misinterpreted when your proposals are just, as they usually are. Like a new Bartolome de Las Casas, you have not retreated in your constant search to give a more suitable evangelical response to the historic time in which it has been our privilege to live. I give thanks to the Lord for the martyr-like testimony that you have given in the selfless service to our brothers who are refugees from Central American, especially Guatemala, who are the visible sacrament of the poor, crucified Christ in his own land, seeking a throb of love and a living space in our Mexican territory.

29. But what most distinguishes you and what I personally admire in you, and for which I especially give thanks to the Lord is your preferential option for those who are "the poorest of the poor" (Puebla '79, No 34): the Indians of your diocese; because I know that it is the result of a long, painful process of personal conversion, which I view as an incentive and an example to be followed. I know from my own personal experience that converting oneself into the poor does not mean sympathizing with the latter, but rather suffering with them the anxiety, injustice and oppression of which they are victims; feeling alien and banished along with them, in our own country; feeling personally their grief, so as to be able to fully accept their cause as our own cause, as the very cause of Christ; and thus cry out to the Lord for complete liberation, from the viewpoint of the Father's salvific plan.

30. I would like to conclude my reflections calling to mind the words which the Holy Father spoke upon his arrival in Latin America in January 1979 and which, because they hold true in general for the entire Latin American Church, also hold true, and with more reason, I think, for this particular church of San Cristobal de las Casas:

"I come to this living, ecclesial crowd...which, among beautiful achievements, not devoid of shadows, difficulties and sacrifices, gives testimony to Christ and wishes to respond today to the challenge of the present time, proposing a light of hope, for here and beyond, through the endeavor of announcing the Good News, materialized in Christ the Savior, Son of God and elder brother of men" (Speech at the Santo Domingo airport, 4).

31. May Our Lord God grant you for many years continuation as the living, working presence of Christ in the midst of your people, so that, with your testimony, words and service, you may continue to give life to your fellow bishops, to your priests and male and female religious, to your lay apostles and to all the People of God entrusted to your pastoral care. This we ask of the Lord, through the intercession of Our Most Blessed Mother, the Virgin of Guadalupe, Patroness of the Americas. So be it.

2909
CSO: 3248/431

PERU

AMBASSADOR TO USSR SAID OBSTRUCTING NATIONAL INTERESTS

Lima OIGA in Spanish 1 Jul 85 pp 14-17

[Article by Fernando Flores Araoz]

[Text] After 21 days of incomprehensible waiting, in which officials from the Peruvian Foreign Ministry played a leading role by no means compatible with the national interests, the Ministry of Foreign Relations (at the express order of President Belaunde) responded on Friday to the impertinent Soviet diplomatic note concerning the embargo on the shipment of fish belonging to the El Pacifico Fishing enterprise, stored on two vessels of the Soviet state enterprise, Sobryflot, chartered by the national private company. The embargo was ordered by the judicial authorities at the request of EPSEP [Public Enterprise for Fishing Services], for non-fulfillment of contract on the part of the El Pacifico Fishing enterprise with which it had signed a contract in 1983 for fishing within the 200 miles of Peruvian jurisdictional waters in exchange for the delivery of a certain amount of fish to supply the national market.

President Belaunde's decision, executed in the course of a tense meeting of the ministerial cabinet, was made after hearing the report on the case from the minister of fisheries, Ismael Benavides.

The note from the Peruvian Foreign Ministry, which the prime minister and minister of foreign relations, Luis Percovich, ordered the officials in Tagle Tower to prepare, and which was later revised in the Council, rejects the Soviet diplomatic note for reasons of national jurisdiction and sovereignty, and declares that the matter of the embargo on the cargo stored in the Soviet ships "Vilgen Pick" and "Tambov," currently detained in Pimentel, is a judicial problem between two Peruvian business firms, El Pacifico and EPSEP. To be sure, the responding note states that it is hoped that the problem that has arisen will not hurt the good relations between Peru and the Soviet Union.

Actually, the Soviet diplomatic interference (a reminder of the American "big stick") constituted an intolerable pressure to which Peru took too long to respond.

The reply from the Peruvian Foreign Ministry was made after the minister of fisheries decided, on Thursday, to send to the news media the text of the

official memorandum sent to Prime Minister Percovich, requesting a firm Peruvian response to the Soviet note. Political observers think that Benavides' decision, which was eventually reiterated in the Council of Ministers, represented a public summons to the Foreign Ministry, which was delaying the response to the Soviet note.

The Soviet Pressure

On 7 June, the Foreign Ministry of the Soviet Union sent from Moscow to the Peruvian Ministry of Foreign Relations a diplomatic note regarded as impertinent (in essence) and unacceptable (in form). The Soviet Foreign Ministry went over the head of the Embassy of Peru in Moscow, and its own embassy in Lima as well.

In a presumptuous tone, the Soviet Foreign Ministry ignored the fact that the embargo on the shipment stored on the two Sobryflot ships was carried out as a result of a private contract of a commercial nature.

El Pacifico Fishing, the only entity authorized to fish within our 200 miles, according to the 1983 contract, not Sobryflot, chartered the Soviet vessels by means of a payment agreed upon by both parties. And if Sobryflot has anyone to complain to about the embargo it is El Pacifico Fishing, not the Peruvian Government, much less through diplomatic channels, in the uniform opinion of jurists queried by OIGA.

What do the Soviets say in their note? After "calling the attention" of the Peruvian Government to the embargo of its ships, the Soviets claim that they "expect the release of all the ships...as well as the adoption of efficient measures so that similar cases will not be allowed in the future." The tone is threatening.

They subsequently maintain that, "The Soviet side reserves the right to bring up the question of redress for the material damage caused to it."

To justify its interference in a purely commercial matter, wholly subject to Peruvian laws and jurisdiction, the Soviet Foreign Ministry attempts to link the 1983 El Pacifico-EPSEP contract with the Agreement on Fishing Cooperation signed in 1971 by the governments of Peru and the USSR. But this link is merely a legal and likewise impertinent argument, because the "government to government" agreement has nothing to do with the private contract which is the subject of the embargo measure. The agreement was for "scientific and technical cooperation." To try to include the El Pacifico-EPSEP contract in the framework of the 1971 agreement misses the point entirely, and constitutes, purely and simply, a despicable maneuver to conceal a diplomatic pressure exerted on the Foreign Ministry of Peru.

Why Did the Foreign Ministry Delay?

There is every indication that officials from the Foreign Ministry, particularly the director of economic affairs, Ambassador Oswaldo de Rivero, "sold" Minister Percovich the idea that the embargo on the shipment stored on the

Soviet vessels might upset Peru's relations with the USSR and the execution of accords for the payment of our foreign debt to that country, through the export of Peruvian products, as it has started to do on a small scale. That was not the only reason which was given.

Peru's foreign debt to the Soviet Union borders on billions of dollars. It is associated with the purchase of weaponry and was contracted during the military government.

The purchase of weapons was of such magnitude that Peru is still "tied" to the Soviets for the spare parts and the necessary renovation of the military equipment that the Army and Air Force have (the "Sukhoys"). There are hundreds of Soviet military advisers and technical personnel in our country, and many Peruvian officers are receiving training in the Soviet Union.

On the other hand, it was noted that the Navy, at the SIMA [Maritime Industrial Service] shipyards, is making the repairs on Soviet fishing boats and is accruing considerable income through this means.

These are reportedly the factors (cleverly handled by De Rivero) which delayed the forceful response that our Foreign Ministry should have given at the outset, rejecting the insolent Soviet note. Our national sovereignty and jurisdiction are not negotiable.

Suspicious Behavior

In government circles the behavior of more than one diplomatic official in Tagle Tower is deemed suspicious, especially that of Ambassador De Rivero. Why? There is a serious background that has spread doubts about his activity.

At the beginning of March of this year, the Ministry of Fisheries sent a message to the Ministry of Foreign Relations in which it requested that the topic of the Agreement on Fishing Cooperation signed in 1971 not be included on the agenda for the Fourth Meeting of the Peruvian-Soviet Joint Intergovernmental Commission. The Ministry of Fisheries considered it feasible not to assume any further commitments in this regard nor to officially confirm that Peru deems the execution thereof positive. There are many objections in this respect, including the fact that the Soviets are not keeping the commitment to provide the Ministry of Fisheries the detailed scientific and technical information on the results of their operations.

The message was sent by the vice minister of fisheries, Don Seiner, to the secretary general of foreign relations, Ambassador Jose Carlos Mariategui, who made a copy of the document for Ambassador Oswaldo De Rivero. The latter was the one responsible for coordinating all matters associated with the Peruvian mission which was going to visit Moscow for the meetings which took place from 19 to 22 March. De Rivero, of course, traveled in the delegation, and cleverly manipulated in Moscow. And he took great pains to report on the Ministry of Fisheries' objections to the minister of industry, Alvaro Becerra, who chaired the delegation.

What happened in Moscow? Well, quite the opposite of what the Ministry of Fisheries had recommended, in a matter strictly under the latter sector's jurisdiction. In the final declaration signed by both sides, one may read that Peru and the Soviet Union are of the opinion that the fishing cooperation between the two nations has been proceeding "in accordance with the mutual interests of Peru and the USSR, and they express their intention of continuing to carry out the aforementioned cooperation."

But who is Ambassador Oswaldo De Rivero, general director of economic affairs in our Foreign Ministry?

De Rivero, who studied law at the Catholic University and later entered the diplomatic service, is known for his great cleverness, and also for his extreme leftist and pro-Cuban ideas. He was secretary of the Presidency of the Republic during the military dictatorship, and he performed his most recent diplomatic mission for several years in Moscow, before being promoted to ambassador and assuming his current post.

As if the foregoing were not enough information, Oswaldo De Rivero is recalled as a constant contributor to EXPRESO during the period when that newspaper was dominated by General Velasco's "mastiffs."

Of course, Ambassador De Rivero is fully entitled to think as he pleases; but what he is not entitled to do is misrepresent Peru's fishing policy in order to commit our country for the benefit of his comrades in the Soviet Union.

The Soviets Make Moves

Taking advantage of our Foreign Ministry's inactivity, the Soviets were not content merely with pressuring through their unacceptable diplomatic note.

They thought that the Ministry of Fisheries was alone in its position on the embargo. For this reason, they made several moves in Lima seeking support for their claims.

It has been learned that the representative of the Soviet Ministry of Fish Industry, Sergei Svinarenko, visited the minister of Navy to sound out his position; but he found firmness in Admiral Du Bois regarding the defense of the national interests and respect for our sovereignty.

The ambassador of the USSR in Lima, Filavot, approached the president of the Senate, Manuel Ulloa, to set forth his country's position. He did not meet with the desired backing either. Ulloa, an expert in fancy footwork, put on one of his usual "veronicas" [bullfighting passes].

Finally, on the day that the diplomatic corps held a reception for President Belaunde, in the middle of last week, the Soviet ambassador reportedly tried to approach the president to talk about the problem, but without success.

Those who were present at that meeting told OIGA that the ambassador had later conversed with Ministers Julia, Du Bois and Zlatar (War, Navy and Aeronautics), who confirmed full support for Peruvian jurisdiction and laws in the dispute between El Pacifico Fishing and EPSEP.

The Current Situation

The Peruvian note of response to the Soviets has changed the situation. The Soviets will not be able to continue using the initial weakness of our Foreign Ministry nor their friends in Tagle Tower. They will have to accept the situation and seek, perhaps today, Monday, a friendly settlement with the Ministry of Fisheries and EPSEP itself. And they will have to talk with their "partners" in El Pacifico Fishing to have them fulfill their obligations.

Meanwhile, the two ships whose cargo has been embargoed are still anchored in Pimentel. And the judge hearing the case has requested of the General Directorate of Coast Guard Headquarters that it take action "by degrees or force" to move the vessels to Pisco, where the unloading of the embargoed fish would take place.

Nevertheless, there are no patrol boats or special ships in Pimentel to carry out this mission. They would have to be sent by the Navy from other ports. Will this occur? What will the Soviets' final reaction be? EPSEP is determined to continue ahead, in order to collect the debt owed it by El Pacifico Fishing, as has been stated by its general manager, engineer Jorge Vertiz. And it has Minister Benavides' support.

And what about Foreign Minister Percovich? Last Tuesday, in conversations with us, he admitted that the matter "is delicate" (it had not yet been decided to respond to the Soviet Foreign Ministry). And he mentioned, as a possibility for settlement, that El Pacifico Fishing might procure bank guarantees in the amount of the debt that it owes to EPSEP: about \$1.2 million. But what bank would want to grant a guarantee to an illusory company whose only assets are some office furnishings and apparently meager storage facilities?

2909
CSO: 3348/792

PERU

BRUSH SEES MINIMUM 2-YEAR DELAY IN POLICE UNIFICATION

Lima EL COMERCIO in Spanish 20 Jun 85 p A-6

[Interview with Gen Oscar Brush Noel, minister of interior, on 19 Jun 85; place not specified]

[Text] The much discussed topic of unification of the three police forces cannot be treated lightly, according to the minister of interior, Gen Oscar Brush Noel, yesterday.

He remarked: "It is not merely a question of unification. An in-depth study must be made. We must warn that an article of the Constitution must be amended first and that would take at least 2 years."

[Question] Are there other substantial impediments to this unification demanded by the public?

[Answer] Actually, yes. It would also be necessary to amend the respective organic laws and combine or divide up their duties. There are also traditions, their own heroes, their mottoes, etc., in the way.

[Question] Do you know the current feeling about this within these forces?

[Answer] Look, the respective commands have expressed their opinion. It should also be remembered that it does not just involve a few men but at least 70,000. It is necessary to consider this well before taking such a step.

Security for Visitors

[Question] How is the work on the security of the dignitaries who will come for the transfer of presidential authority going?

[Answer] We are studying all the steps carefully. We have a plan for the transfer. We are working toward our first goal, 25 July, when we will learn the definite number of chiefs of state and government as well as the government representatives who will come for this transfer.

[Question] How many policemen will participate in that security plan?

[Answer] As I told you, we are working first with assumptions. Only when we know how many dignitaries we will have to provide security for can we talk about numbers. The Armed Forces will definitely have to participate.

[Question] Tell us about terrorist interference, about control of this aspect in the coming days.

[Answer] There are many problems; terrorism is one of them. It is difficult to control. We are not going to absolve ourselves because of other realities like in Germany or Great Britain where it is not completely controlled. We are training the personnel technically and psychologically.

[Question] It has been said that the PIP [Peruvian Investigative Police] is training 240 men especially for security during this transfer. Is this being done in the other branches?

[Answer] Yes. A security course, instruction, professional ethics, even human relations are being taught. You might have noticed that there are no longer incidents during public demonstrations. They are all done under police protection.

Subversives in Universities

[Question] What about the subversive bases inside the universities that you denounced?

[Answer] As to the universities, we thought about obtaining the legal provisions in order to be able to intervene. However, several rectors told us that they had done their own investigation and any possible terrorists had left. However, we still see members of the so-called Tupac Amaru movement in San Marcos, for example.

[Question] A special corps that is combing all of Lima to identify and capture possible bases of potential terrorists was mentioned. How is that work going?

[Answer] These are "operations" that the police carries out constantly and secretly. We cannot answer for obvious reasons. In general, there are roundups of common criminals which yield one or two identified terrorists.

[Question] It was also stated that the police intelligence services were too large and, therefore, unsuitable. What do you think about this?

[Answer] There is complete coordination among the intelligence commands of the different police branches. They provide us the bases to make decisions. What happens is that we are up against an enemy that does not show his face, an enemy like terrorism that must receive priority attention in order to destroy it.

[Question] Are our intelligence cadres in optimal condition?

[Answer] They are working well. We are not, of course, comparing ourselves to advanced countries that have sophisticated elements for that work. However, they work with tenacity and determination.

PERU

BRIEFS

IMPROVED COTTON VARIETIES DEVELOPED--Four new species of cotton of the Tanguis variety, which is pest-resistant, with a high yield and early production, have been obtained by engineer Romulo del Carpio Burga, after 10 years of field and laboratory research. This research required an investment of 342 soles, which was provided for the most part by the Foundation for Development (FUNDEAL) for the so-called plan for genetic improvement of cotton. He remarked that the first sub-project, known as "CH," aimed at productivity and quality of fiber, ended successfully, with the attainment of a long fiber, the only one in Peru. As for the second sub-project, he reported that it resulted in the procurement of early improved species of the Tanguis variety, with a shorter vegetative cycle and early harvest. With regard to the third sub-project, he said that it had been set up to obtain improved species resistant to or tolerant of the parasitic complex of the root. He announced that the fourth sub-project is aimed at achieving improved species resistant to and tolerant of the adverse conditions inherent in saline soils. [Excerpts] [Lima EL COMERCIO in Spanish 3 Jul 85 p A-8] 2909

JOINT COMMAND DENIES STATEMENTS--Yesterday the Joint Command of the FFAA [Armed Forces] issued the following communique about statements attributed to Army officers concerning an alleged antiterrorist campaign in the country. Communique No. 06: As to publications of certain information in the capital newspapers referring to statements by military chiefs about the state of emergency throughout the republic, limitation of freedom of expression and the reestablishment of military courts in the zones under the state of emergency, the Joint Command of the FFAA informs the public that: A. no member of the FFAA has issued such statements; and B. the chairman of the Joint Command of the FFAA is the only authority that can issue opinions or give information in the name of the FFAA of Peru. Lima, 19 June 1985 [Signed] Air Gen Cesar Enrico Praeli, chairman of the Joint Command of the FFAA. [Text] [Lima EL COMERCIO in Spanish 20 Jun 85 p A-1] 7717

CSO: 3348/757

URUGUAY

POLL SHOWS SANGUINETTI'S POPULARITY INCREASING

PY281922 Madrid EFE in Spanish 2010 GMT 27 Jun 85

/Article by Pepe Leira/

/Text/ Montevideo, 27 Jun (EFE)--Twelve years after the coup, Uruguayans have voiced their commitment to no more military regimes ever, and President Julio Maria Sanguinetti still enjoys political support 4 months after his inauguration.

The vast majority of the population participated in the days of democratic reaffirmation called by the labor unions and left-wing organizations, which suffered most the military repression.

The demonstrations, some 70 rallies throughout the country, were supported by all opposition political parties.

Claims for social and economic solutions to strengthen democracy that were listed on a mobilization program were made during the demonstrations.

The claims called for improvements in real salaries and retirement pay, subsidies for family basket goods, reductions in bank interest rates, reductions in the tax burden to aid industries, and nonacceptance of IMF imposition, among other claims.

Nevertheless, the most important feature of the rallies was the demonstration of maturity and understanding by the working class vis-a-vis the problems inherited from the military regimes troubling the country.

The restrained tone of the claims shows that the government, especially owing to the skillfulness of its president, has not only managed to convince its political opponents but managed to control labor pressure by means of a program, albeit not the ideal one at least one marking a recovery of the real salaries, without sparking an inflationary spiral.

Sanguinetti's centrist program in the political, social and economic fields for a transition without trauma from the military regime to democracy seems to be supported even by those who did not vote for the ruling party in the elections held in November.

A Gallup Poll published today in the independent weekly BUSQUEDA shows that Sanguinetti is the political figure with the greatest public support in Uruguay.

This reflects the fact that the 4 months of democracy have not lessened support for the government, despite the hard social reality it had to face with the more than 200 strikes and stoppages for which solutions were gradually found.

The poll shows that 11 percent of those polled found the president's performance to be very good, 49 percent qualified it as good, 29 percent considered it fair, and the remaining 7 percent said it was bad.

The performance of the leader of the left, Liber Seregni, was also polled with the following results: 9 percent said it was very good, 41 percent good, and 25 percent fair.

The popularity of the main opposition leader, Wilson Ferreira Aldunate, however, seemed to have declined. Only 5 percent said that his performance was very good, 31 percent good and 29 percent fair.

These cold numbers of the poll apart, the overall finding is that Uruguayans approve of the politicians for having managed to consolidate civilian power.

Although it has kept its distance from the government, the opposition as a whole has acted with prudence to consolidate democracy by placing it above disputes.

This is why the president has continuously met with the leaders of the political parties, thus effectively braking those who may have authoritarian inclinations within the armed forces.

CSO: 3348/797

URUGUAY

BRIEFS

FORMER POLITICAL PRISONERS REIMBURSED--Montevideo, 28 Jun (EFE)--The democratic Uruguayan Government today started to reimburse the expenses the political prisoners were forced to incur during their imprisonment by the military regime. In addition, President Julio Maria Sanguinetti today signed a decree by which the assets seized from the prisoners are being returned to them and ordered that all the attachments against former political prisoners be lifted. These decisions, which supplement the amnesty law approved when the democratic government first assumed power after 12 years of military rule, benefit the prisoners indicted for subversion and especially the Tupamaro guerrillas. The Uruguayan military regime had established mechanisms by which the prisoners had to pay their message garbled for food, board and clothing while they were serving the sentences imposed by the military courts for subversive actions. Along with the sentences, the military judges embargoed the assets of the prisoners to ensure that the state would ultimately collect the expenses incurred during their detention. /Text/ /Madrid EFE in Spanish 0104 GMT 29 Jun 85/

FORMER PRESIDENT CHARGED--Montevideo, 29 Jun (EFE)--Today, Uruguayan Deputy Nelson Lorenzo Rovira asked that former President Juan Maria Bordaberry, who sponsored the 1973 military coup, be brought to trial on charges of violating the constitution. The charges which were made before the supreme court, also affect the then army and air force commanders in chief, Gen Chiape Posse and Brig Jose Perez Caldas, respectively, and other civilians who are said to have openly sponsored the coup. Bordaberry was elected president in 1971. He dissolved congress in 1973, and resigned in 1976. /Text/ /Madrid EFE in Spanish 0115 GMT 30 Jun 85/

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